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Makers of Agent Orange Agree To \$180-Million Settlement

By Pete Earley

Washington Post Service

WASHINGTON — Seven chemical companies agreed Monday to pay \$180 million in damages to several thousand Vietnam War veterans who contended in a class-action lawsuit that their health had been damaged by exposure to Agent Orange, a dioxin-contaminated herbicide that was widely used in Southeast Asia during the war to kill crops and clear jungle.

The companies will put the money in a trust fund, which, with interest, is expected to grow to \$250 million in six years, making the out-of-court settlement the largest product-liability payment in U.S. history. But they insisted the settlement was not an admission of guilt.

The agreement was announced by Judge Jack B. Weinstein in the U.S. District Court in Brooklyn, New York, a few hours before jurors in the five-year-old legal battle were to be chosen. Judge Weinstein said the settlement would not be final until a series of public hearings were held to determine whether the amount was fair.

Those claiming injuries from the chemical could start receiving payments within two years, according to Gene Locks, an attorney for the plaintiffs.

Victor Yannacopoulos, who filed the lawsuit in 1979, said the settlement was a victory in "the final battle in the war in Southeast Asia" for veterans.

"It identified for all the world and the American people to see that the real villains in that war were a group of soulless, stateless, multinational conglomerate corporations, like the chemical companies that manufactured the dioxin-contaminated herbicides with only corporate profit as their motive," he said.

While some veterans were jubilant, others expressed disappointment that the chemical companies will not have to defend themselves in court.

Mike Mullings, of the Oklahoma Agent Orange Outreach Committee, "It's just a cop-out. This thing has got to go to court so the public can see what has happened."

Veterans contend that the exposure to dioxin in Agent Orange caused cancers, nerve damage, liver disorders and skin problems. They also said it caused their spouses to have miscarriages and resulted in birth defects in their children.

About 16,000 veterans from the United States, Australia and New Zealand, who served in Vietnam between 1961 and 1975, joined the lawsuit, but several thousand more could file claims against the trust fund under the settlement if they could prove they were exposed to Agent Orange. Children of Vietnam veterans who are born with birth defects also could receive payments, the court said. Overall, 2.8 million U.S. veterans served in Vietnam when Agent Orange was being used.

A spokesman for Dow Chemical Co., the largest manufacturer of Agent Orange, said that "overwhelming scientific data" continued to prove that exposure to dioxin is harmless at low levels and that veterans were not exposed to enough dioxin to suffer permanent health damage.

Even so, David Buzzei, a Dow vice president, said the company agreed to settle the case because "it would have been very difficult for a jury to sort out the complex scientific issues in this highly emotional case" and because of legal costs. At one point, the manufacturers estimated the case would cost them \$100 million in legal fees.

Under the settlement, none of

the chemical companies admits liability for the injuries. They had argued that if anyone was at fault, it was the U.S. military for misusing the product. The settlement stipulates that both sides reserve the right to sue the U.S. government for misuse of the chemical.

The other defendants are: Monsanto Co.; Diamond Shamrock Corp.; Hercules Inc.; Uniroyal Inc.; T-H Agricultural & Nutrition Co.; and the defunct Thompson Chemicals Corp. The chemical manufacturers could \$9 billion to \$16 billion in assets and insurance coverage.

While specifics of the settlement are still to be completed, the \$180 million will be kept in trust for 25 years and be used to pay claims filed by veterans, spouses who have suffered miscarriages and for veterans' children with birth defects.

Dioxin is an unwanted by-product when some herbicides are made, including 2,4,5-T, a major ingredient in Agent Orange and, for nearly 40 years, one of the most widely used weed killers in the United States.

Between 1962 and 1971, the military sprayed 15 different herbicides in Vietnam, including 7 compounds that contained 2,4,5-T. After 1965, it used Agent Orange almost exclusively, spraying 12.8 million gallons in Southeast Asia.

The government tried to withdraw from the suit, citing a longstanding doctrine that servicemen cannot sue the military for duty-related injuries or deaths. But Judge Weinstein said that excusing the government from the case would be similar to "putting on Hamlet" without Hamlet, and ruled that the government may be counter-sued by Agent Orange producers if damages are awarded to spouses or children of Vietnam veterans.



Jose Napoleon Duarte speaks to reporters in San Salvador.

Soviet Bloc Again Seeks Nonaggression Treaty

MOSCOW — The Warsaw Pact on Monday called on the North Atlantic Treaty Organization to begin talks on drafting an East-West nonaggression treaty that would rule out the use of military force to settle disputes.

The Soviet Union and its allies have offered similar proposals on a nonaggression treaty in various forms since 1955. Western states have consistently rejected the idea, saying nonaggression treaties have proved to be of little value.

That was the reaction from NATO states again in January 1983, after the Warsaw Pact leaders, at a summit meeting in Prague, issued a call for a nonaggression pledge by both alliances.

Referring to the 1983 appeal, Tass said Monday that the pact now felt it was time to "move on to consultations."

The Soviet news agency said a message outlining proposals for the treaty had been given to ambassadors from NATO member states in Budapest on Monday. It was not immediately clear why Budapest had been chosen.

The text of the message, carried by Tass, suggested that both sides could decide on a venue for negotiations on the proposal. But it also suggested that discussions on the proposals could be held at the Stockholm disarmament conference, which resumes on Tuesday.

NATO member states have said that the Stockholm conference should not work out political de-

Duarte Claims Victory In Salvador Election

Compiled by Our Staff From Dispatches
SAN SALVADOR — Jose Napoleon Duarte, a Christian Democrat, said Monday he had won El Salvador's presidential election and promised action to eradicate rightist death squads.

His opponent, Roberto d'Aubuisson, refused to concede defeat but acknowledged that Mr. Duarte was leading in partial returns from Sunday's balloting. He said that whatever the result, his party would continue to work within the country's democratic framework.

Mr. d'Aubuisson, 40, the candidate of the far-right Nationalist Republican Alliance, claimed that there were widespread voting irregularities. But a delegation of U.S. observers said the voting was fair and an "overwhelming repudiation" of leftist guerrillas fighting to overthrow the government.

The Central Election Council said unofficial results might be available by late Monday, but that it would be about a week before the final official tally is released.

Mr. Duarte, 58, made his victory speech at his party's headquarters before hundreds of cheering supporters.

"We have won this election with 54 percent of the vote," he said. He said the claim was based on his party's computer projections from unofficial tallies by campaign workers at polling booths across the nation.

Separate exit polling by a U.S.-based television chain, Spanish International Network, also projected Mr. Duarte would win with 54 percent of the vote.

Mr. d'Aubuisson, however, told a later news conference that Mr. Duarte was leading by only 5,200 votes, and he refused to concede defeat. "We are still not disposed to accept what Mr. Duarte says until there is a finding of the Central Election Council," he said.

He predicted an outcome so close that neither party will be able to ignore the political force of the other in the government.

There had been fears that Mr. d'Aubuisson's rightist backers would resort to violence rather than permit the accession of Mr. Duarte, who was expelled from El Salvador after winning an election in 1972. But Mr. d'Aubuisson said his party "will continue forever in the scheme of a working democracy. We do not believe in violent schemes."

While Mr. d'Aubuisson said his party has proof of many voting irregularities, "I am not going to use the word fraud yet."

A 23-member U.S. delegation that observed the election issued a statement saying it "calls upon fellow citizens and all members of the international community to provide increased support for the democratically elected government of El Salvador."

The statement said that the balloting, which took place among scattered guerrilla attacks that claimed 14 lives around the country, represented an "overwhelming repudiation of the guerrillas."

"We will confront the most important problem of the violence," Mr. Duarte said in his speech, "the death squads, the abuse of authority, the culture of violence." Mr. d'Aubuisson is said to have links to

the death squads, but he has denied this.

"We believe our people have been struggling for 20 years against a structure of hegemony of power and this has been the real confrontation, in the ballot, to define the direction and the destiny of this country," he said.

Mr. Duarte said that as president he expected "a broader backing from the government and people of the United States."

The elections were seen as a test of President Ronald Reagan's policy in Central America. The U.S. Congress, fearing an upsurge of violence if Mr. d'Aubuisson was elected, has held up action on administration requests for increased U.S. military aid for El Salvador pending the outcome of the vote.

Mr. Duarte proposes a national conciliation, including talks with

the rebels, to end the country's 4½-year-old civil war, while Mr. d'Aubuisson says the guerrillas must be crushed militarily.

Officially, the U.S. government has taken a neutral stance in the election, but members of Congress and the Reagan administration have indicated a victory by Mr. d'Aubuisson would jeopardize the chances of additional U.S. military aid being approved for El Salvador.

Leftists boycotted both the election, dismissing it as a farce and saying the only way to hold a fair vote was by negotiating a share of power first.

Election officials said they had eliminated many of the snags that prevented about 200,000 of the eligible 1.8 million voters from casting ballots in the initial round March 25. Initial reports indicated

(Continued on Page 2, Col. 3)

Arias, Barletta Dispute Victory in Panama Vote

Compiled by Our Staff From Dispatches
PANAMA CITY — Former President Arnulfo Arias Madrid, overthrown three times by the armed forces, claimed Monday to have defeated the military-backed candidate, Nicolas Ardito Barletta, in the nation's first direct presidential election in 16 years.

Mr. Barletta issued a statement through his party claiming a 4,000-vote lead, although he conceded

that he lagged in the districts of Panama and Colon, which account for 52 percent of the electorate. Official tabulation of the results was slowed by bureaucratic delays.

Election officials declared a recess late Sunday night without counting any votes. They said they would have official results late Monday.

Mr. Arias, 82, said in a written statement: "The triumph we have won at the polls is a triumph for a people republic, the triumph of a people aware of their sovereign right to elect their rulers through the free exercise of suffrage."

His statement was based on unofficial results tabulated by his Democratic Opposition Alliance. Both Mr. Arias and Mr. Barletta have their own unofficial tallying systems.

Mr. Arias heads a coalition that is led by his own Authentic Panamanian Party and that includes the Christian Democrats. Mr. Barletta, 45, is supported by the official Revolutionary Democratic Party and the military.

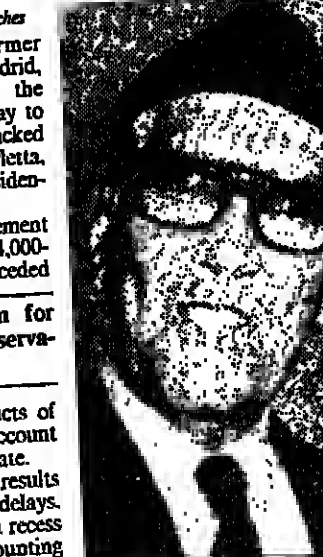
The election marked the return to full democracy of the country after an extended period of military rule dominated by the late General Omar Torrijos, commander of the National Guard.

General Torrijos, a nationalist and moderate social reformer, successfully negotiated the Panama Canal treaties with former President Jimmy Carter. The treaties will restore full Panamanian control over the canal in the year 2000.

General Torrijos died in an airplane accident in 1981. His political heir is Mr. Barletta, an economist and former minister of planning and a former regional vice president for Latin America of the World Bank. Mr. Barletta, who was a close adviser to General Torrijos, had the tacit backing of the National Guard, now under the command of General Manuel Antonio Noriega. He had never run for elective office before.

Mr. Arias is a lifelong critic of the National Guard, now formally called the Defense Forces of Panama. During the campaign, he sought to capture the protest vote against the country's economic recession and alleged corruption under the military-controlled government.

In contrast to past elections, the U.S. presence in the former Canal Zone, now formally under Panamanian sovereignty, was not an issue. The canal itself is operated by a joint U.S.-Panamanian commission.



Arnulfo Arias Madrid



A Papuan New Guinea tribesman snapped a photograph of Pope John Paul II Monday. The pontiff arrived in Port Moresby on the next stage of his Pacific tour. Page 2.

Bonn Amnesty Bill for Party Donors Who Took Tax Breaks Raises Storm

By James M. Markham

New York Times Service

BONN — Chancellor Helmut Kohl's conservative coalition has been thrown into turmoil by a controversial draft law that would grant an amnesty to politicians and businessmen involved in illegally deducting political contributions from income taxes.

The bill, prepared in great secrecy, was divulged last Thursday late enough in the day to prevent it from making most of the next day's newspapers. It immediately stirred a storm of protest from the opposition Social Democratic and Greens

parties, which threatened to take the matter to West Germany's constitutional court.

"One imagines," declared Otto Schily, a Greens deputy, "that 300 thieves sat in the Bundestag and decided their own amnesty." The Greens, who receive virtually no corporate donations, have started referring to the center-right coalition as "the robbers of Bonn" who are determined to push the bill through "with Mafia methods."

The Social Democrats, who could conceivably benefit from the amnesty, nevertheless attacked it as well, evidently sensing that political mileage could be made in pillorying a government that came to office promising a moral renewal in West Germany.

Jürgen Schmude, a former justice minister who scuttled an earlier amnesty project while in office, called the draft "a brutal and indecent interference in the respect for the law."

A second wave of criticism has welled up from the ranks of the coalition parties, particularly within the small Free Democratic Party. Hildegard Hamm-Brucher, a respected Free Democrat deputy, predicted that a majority of the Bundestag would not approve the amnesty, and the party's chapters in Berlin, Hamburg and Schleswig-Holstein have also criticized it.

The timing of the bill surprised many politicians, since the governing Christian Democrats will start a party congress Wednesday in Stuttgart that had been expected to be little more than a political coronation of Mr. Kohl, who lately has been facing few internal party squabbles.

But the three coalition partners

— the third grouping is the Bavarian Christian Social Union of Franz-Josef Strauss — reportedly felt the amnesty was necessary to head off an embarrassing series of prosecutions that could deter big corporations from continuing their traditional donations to the parties.

The amnesty will specifically not cover Economics Minister Otto Lambdordt, who last November was indicted with four others on corruption charges connected with the big Flick alleged payoffs by the big Flick corporation. Mr. Lambdordt declined to resign after he was charged, but reportedly will give up his post if the corruption charges are confirmed by a court hearing.

The proposed amnesty is meant to cover businessmen who got around a restrictive party financing law by making tax-deductible donations to political foundations, which then passed them on to the parties, or paying for services that were never rendered, such as advertising in party publications or expert reports on various matters.

About 1,800 cases involving 3,000 individuals, mostly businessmen but some party treasurers as well, have reportedly been opened to investigate these legally dubious practices. According to sources, a number of local party treasurers reported that if an amnesty were not pushed through, corporate contributions would dry up.

Last year, the major parties agreed on a law on party financing that considerably increased the sums that can be donated on a tax-deductible basis. The Social Democrats went along with the law after the coalition agreed not to include elements of an amnesty within it.

Leader of Shiite Militia Accepts Post in Lebanon

New York Times Service

BEIRUT — A major obstacle to the formation of a new cabinet in Lebanon was removed Monday when Prime Minister Rashid Karame announced the appointment of Nabih Berri, the Moslem Shiite leader, to minister of state to deal with the affairs of Israeli-occupied southern Lebanon and with the rebuilding of areas damaged by war.

Mr. Berri said he would now join the 10-member national unity government announced April 30.

Mr. Karame said the portfolio created for Mr. Berri would be in addition to two positions already assigned to him.

Mr. Berri had refused to be minister of justice and minister of Israel hints that it is planning to redeploy its troops in southern Lebanon. Page 2.

water resources, protesting that the positions were minor and kept him out of the government's policy-making process. He had made his participation in the government contingent on being in charge of the situation in southern Lebanon, an area with a Moslem Shiite majority.

[Three gunboats, believed to be Israeli, approached the north Lebanese coast Monday and drew Syrian artillery fire, Reuters reported. The Voice of Lebanon radio station said one boat was hit and had been seen exploding.]

Since Israel occupied the south after invading Lebanon two years ago, the Shiite paramilitary movement, Amal, which Mr. Berri leads, has made a strong effort to have Lebanon's energies devoted to securing Israeli withdrawal from the south.

Amal campaigned against the U.S.-sponsored troop-withdrawal agreement that Lebanon concluded with Israel a year ago, and Shiite activists have claimed responsibility for attacks against Israeli troops in the south of the country.

Leader of Shiite Militia Accepts Post in Lebanon

ment and the Shiite Druze opposition, backed by Syria.

Walid Jumblat, the Druze leader, who was appointed minister of communications and tourism in the new cabinet, is now expected to take up his positions. He had declared solidarity with Mr. Berri, his closest ally.

The new cabinet also includes Lebanon's former President Camille Chamoun and Pierre Gemayel, the president's father and head of the rightist Phalange Party. The party controls Lebanon's principal Christian militia, the Lebanese Forces.

Mr. Karame, 62, a Moslem from Tripoli, has called the cabinet to a full session on Wednesday. Only 7 of the 10 appointees attended the first meeting last week.

Mr. Karame has been unable to resolve the refusal of Abdullah al-Rassi to take his position as interior minister. Mr. Rassi was chosen to speak for his father-in-law, former President Suleiman Franjeh.

Mr. Franjeh, 74, has demanded that he be represented by a Maronite. His son-in-law is a Greek Orthodox Catholic. The former president objected only by Mr. Chamoun and Pierre Gemayel, whom he considers his rivals in Christian ranks.

Australian Troop Withdrawal
Australia will withdraw its members from the Sinai peacekeeping force within two years because of that body's links to U.S. policy, Foreign Minister Bill Hayden announced Monday, United Press International reported from Canberra.

Mr. Hayden said the Australian contingent would return to Australia as soon as replacements were found, which he expected would take 18 months.

Because the force is sponsored by the United States and not the United Nations, Mr. Hayden said, there is a danger that it could be seen as an extension of U.S. foreign policy and participants as no more than "client states" of the U.S. administration.

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Nicholas Nissiotis, right, Greece's delegate to the International Olympic Committee, handing the Olympic torch to Richard Sargeant of the Los Angeles Olympic Organizing Committee in a ceremony that took place at the site of the original Olympic Games.

Olympic Torch Lighted Ritually in Greece

The Associated Press

ANCIENT OLYMPIA, Greece — The flame that will burn at the Olympic Games in Los Angeles this summer was kindled Monday at this ancient site where the original Games were first staged in 776 B.C.

Katerina Didaskalou, 24, a drama student, dressed in the ancient-length robes of an ancient Greek priestess, lighted the torch from the sun's rays reflected in a concave mirror placed among

the classical ruins of the sanctuary.

Two girls in short tunics played flute music as the torch flared into life under brilliant sunshine. Miss Didaskalou held the torch above her head as she recited a prayer in ancient Greek to Zeus.

The 40-minute ceremony was closed to visitors to avert demonstrations provoked by a controversy in Greece over the alleged commercialization of the Olympic torch through sponsorship of

its coast-to-coast journey across the United States.

But after the flame was handed to Richard Sargeant, a member of the Los Angeles Olympic Organizing Committee, a brief demonstration was staged by the mayor of Olympia, the village adjoining the ancient site, and about 30 villagers.

"The commercialization of the sacred flame is an insult to the ideals of the Olympics," Mayor Spyros Fotinos said.

Native Gifts, Drumsbeat Welcome Pope on Visit To Papua New Guinea

Compiled by Our Staff From Dispatches

PORTR Moresby, Papua New Guinea — Pope John Paul II arrived in Papua New Guinea on Monday and was welcomed by four children in native dress who gave him a small necklace.

The pope then addressed the airport crowds with a simple phrase in Pidgin English: "Mi laikim yu-pela," or "I love you."

The deep beat of the traditional Kudu drum punctuated chants of welcome.

The thousands of people at Port Moresby's airport cheered and clapped as the pontiff, in white robes, spoke of his love for this country and his nostalgia for his first visit when he was cardinal in 1973.

Prime Minister Michael Somare and the governor-general, Kingsford Dibia, officially welcomed the pope to Papua New Guinea, where more than one-third of the three million people are Catholics.

"I come as your friend. I come as your brother," John Paul said in Motu, a tongue similar to Pidgin and spoken in the southern part of the nation.

Switching into Pidgin, the language of the majority, he noted that St. Michael the Archangel had been

chosen as the young nation's patron saint. "They chose a spirit because you believe in good spirits and you fear evil ones," he said.

After blessing the islands in English, he climbed into an open car with only a plastic windscreen for protection and drove to Sir Hubert Murray Stadium to say Mass for about 40,000 people.

After the high security of his visit in South Korea, where a man with a toy gun tried to threaten the pope, Vatican security men were surprised at the lack of protection in Papua New Guinea.

The police chief of the Solomon Islands, Frederick Soaki, where the pontiff is due Wednesday for a visit to the capital, Honiara, said that U.S. and Italian intelligence services had warned him that three groups had joined forces in an attempt to kill the pope. He said the assassins might be disguised as reporters.

Journalists in Port Moresby were continually checked by security police. Foreign reporters, except the carefully screened Vatican press corps, were banned from the Solomon Islands visit.

One of the suspect groups, Mr. Soaki said, is associated with Mehmet Ali Agca, the Turk who shot and wounded the pope in St. Peter's Square on May 13, 1981.

Seven American tourists were sent home from the islands because of the visit and three others were put under surveillance.

The government of the Solomon Islands announced on Monday that it had tightened security after learning of a possible Libyan-backed plot to seize the British Embassy in Honiara.

Government officials said Britain warned the Solomon Islands on Thursday that the Libyan leader, Col. Moammar Qadhafi, had put out "open contracts" on all British diplomatic officers and the Honiara embassy should be considered a "soft target."

(AP, UPI)

Sikh Extremists Slay Village Chief, Wound 5

NEW DELHI — Sikh terrorists assassinated a village leader and wounded five persons Monday in the Punjab as 22 Sikh militants were arrested and 13 firearms seized in Moga city.

Meanwhile, followers of the two main Sikh militant leaders, Jarnail Singh Bhindranwale and Harchand Singh Longowal, exchanged gunfire inside a shrine in Kapurbhala district, 350 kilometers (about 215 miles) northwest of the Indian capital, in Punjab state, the United News of India reported.

Top Diplomat Of Ethiopia in U.S. Defects

Charge d'Affaires Quits
After Being Recalled

Compiled by Our Staff From Dispatches

WASHINGTON — Teafaye Demekie, the highest ranking Ethiopian diplomat in the United States, is defecting, a congressional aide said Monday.

Mr. Demekie, who has been the Ethiopian charge d'affaires in Washington since 1980, has notified the State Department that he is defecting, according to David Loeis, a Republican consultant to the House Foreign Affairs Committee's subcommittee on Africa.

Mr. Loeis said that Mr. Demekie, 40, was a former naval officer and a career officer in the Ethiopian diplomatic service. According to Mr. Loeis, Mr. Demekie had decided to defect after he was recalled to Ethiopia for reassignment. Mr. Demekie has had close contacts with Representative Gerald B. Solomon of New York, the senior Republican on the Africa subcommittee.

"He is not a Communist and believes he cannot serve a Communist government," Mr. Loeis said. U.S. relations with Ethiopia's Marxist government have been poor for several years. In February, four U.S. diplomats were expelled from Ethiopia, and the United States ordered two Ethiopian envoys sent home in retaliation. One of them has also sought asylum in the United States.

Mr. Loeis said that Mr. Demekie left the Ethiopian Embassy Friday and filed a formal application for political asylum with the Immigration and Naturalization Service.

"He had a meeting with the embassy staff at which he said goodbye," Mr. Loeis said.

Mr. Loeis said that Mr. Demekie would be granted asylum because "very senior-level people at the State Department are convinced that... he does have a well-founded fear of persecution" by the government of Lientenant Colonel Mengistu Haile Mariam, the Ethiopian leader.

Robert Bruce, a State Department spokesman, refused to discuss Mr. Demekie's application for asylum, saying: "We don't normally comment until the person or individual has spoken out."

Ethiopian officials here could not be reached for comment.

(AP, Reuters)

Duarte Claims He Won Vote

(Continued from Page 1)

about 1.3 million voted Sunday, compared with 1.2 million in March, officials said.

In March, ballot boxes arrived late at many polling stations, voters were confused over where they were supposed to cast ballots and the electoral registry had numerous errors.

Eight candidates competed in the first round. Mr. Duarte took 43 percent of the votes in that election, with Mr. d'Aubuisson winning 29 percent. Since neither won 50 percent, a runoff was required.

(UPI, AP)

Reagan Schedules Speech

President Reagan said Monday night that the news that Mr. Duarte was the apparent winner was "pleasing to us," and that he would deliver a speech Wednesday night on Central America, The Associated Press reported from Washington.

A White House official, who declined to be identified, said the speech will stress the threat that Mr. Reagan sees Cuba and Nicaragua posing to U.S. interests and friends in Central America.

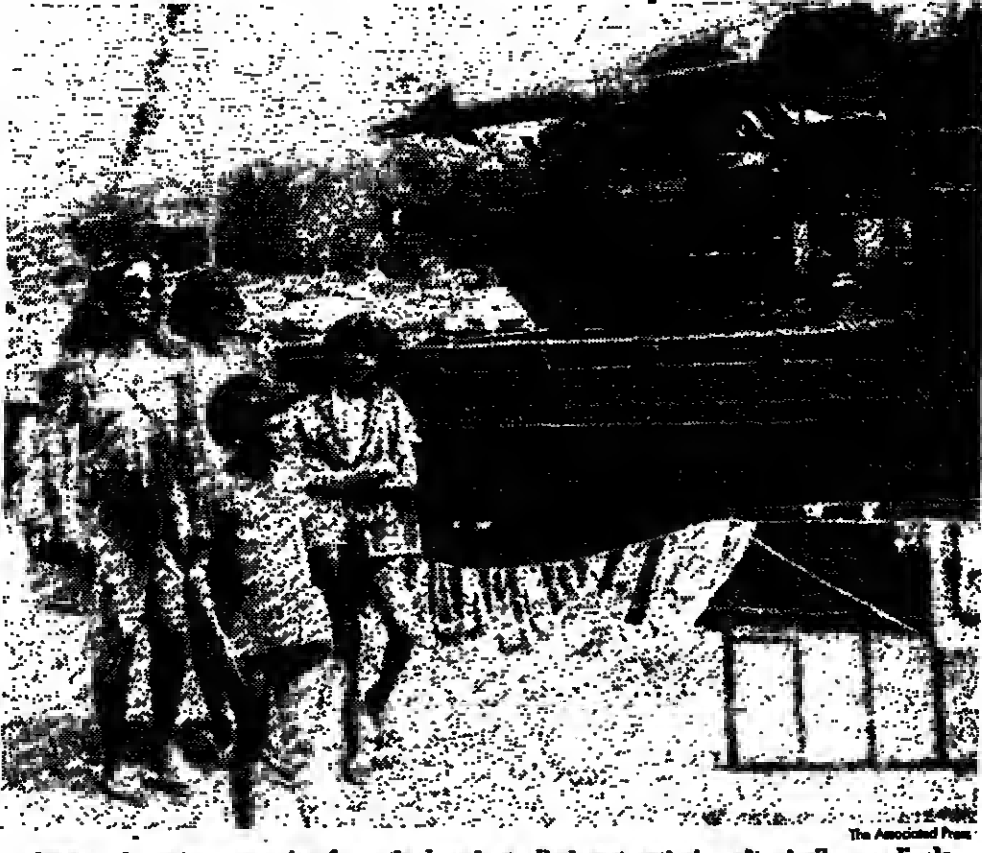
White House officials have been saying for days that a speech to urge Congress to approve more aid for Central America was under consideration.

With the election now over, the official said, "The president will emphasize that, if there ever were reasons to delay, they now are gone."

MORE NEWS IN LESS TIME

THE WORLD IN 16 PAGES

DAILY IN THE HT



A family of tourists returning from the beach strolled past anti-aircraft missiles on display in the Israeli resort of Herzliya on Monday as the nation celebrated its independence day.

Chief of Staff Hints at Redeployment Of Israeli Forces in South Lebanon

Reuters

JERUSALEM — Israel celebrated 36 years of independence on Monday with a hint that it was planning a troop redeployment in southern Lebanon.

The chief of staff, Major General Moshe Levy, told Israel television that the army considered the time ripe for a change in deployment and was awaiting government approval.

Israeli troops in south Lebanon have been the targets of frequent guerrilla attacks, and opinion polls show that the majority of Israelis favor a troop withdrawal.

General Levy said that Israel had no evidence of any change of deployment in Syrian forces which face Israeli units in Lebanon's Bekaa Valley, despite heightened tension between the two countries over the Syrian capture of three Israelis in Lebanon.

Israel said that the three men, now held in Damascus, worked at its liaison office near Beirut, but Syria contends that they were spies. Damascus has also been pushing for the closure of the office, Prime Minister Yitzhak Shamir said Monday that Israel would not close the office, which maintains daily contact with the Lebanese authorities.

In a radio interview, Mr. Shamir said that the office was set up with Lebanese government permission and continued to enjoy its approval. He said that Israel wants to have liaison offices in all neighboring countries. He said efforts were still under way to secure the release of the three Israelis.

Meanwhile, President Chaim Herzog joined the chorus of official condemnation of anti-Arab violence in the occupied West Bank.

Following an abortive attempt to blow up civilian Arab buses, about 20 Jewish settlers suspected to be part of an armed Jewish underground were arrested late last month. Mr. Herzog said in a message that such acts "could have brought disaster to the people of Israel, the state, the entire Zionist enterprise."

In a special address to Israel's Arab population, Mr. Herzog said he had toured several Arab villages and was aware of their needs and problems. "I am trying the best I can to give all citizens a sense of partnership," he said.

At a ceremony Sunday night at the grave of Israel's founder, Theodor Herzl, an Arab was among 12 Israelis to light a torch to honor independence, the first time an Arab had taken part.

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WORLD BRIEFS

Schleyer Killer Gets Life in Prison

STUTTGART (Reuters) — Jürgen-Peter Boock, 32, was sentenced to life imprisonment Monday for complicity in killing of a banker, a businessman and four others seven years ago.

The court gave Mr. Boock four separate life terms for the murders of Jürgen Ponto, a Dresdner banker, and of Hanns Martin Schleyer, a businessman, and Mr. Schleyer's four bodyguards. He also received a 15-year term for his part in setting up a multiple rocket launcher aimed at a federal building in Karlsruhe in 1977, which failed because of a defective timing device.

The court rejected a claim that Mr. Boock had only been a "useful idiot" of the Red Army Faction, the official name of the Baader-Meinhof gang, which carried out terrorism raids in West Germany in the 1970s. Mr. Boock's attorney, who said they would appeal, had asked for clemency, saying Mr. Boock had broken away from the urban guerrilla movement in 1980 and had acted under the influence of drugs.

New Charges in Polish Beating Death

WARSAW (AP) — The government on Monday has partially changed its indictments against two policemen, two doctors and two ambulance attendants in connection with the beating death of a teen-age Solidarity supporter, Gregorz Przenyik, in Warsaw a year ago.

A prosecutor's statement distributed by the news agency PAP said the two policemen were indicted on charges of "taking part in a brawl which endangered the life or health of another." The two ambulance attendants were charged with "taking part in a brawl which led to the death of another," and the doctors were accused of negligently failing to diagnose and treat Mr. Przenyik's internal injuries.

The same six suspects were charged in an indictment last Dec. 23. Official reports then said the policemen and ambulance attendants were charged with "beating Gregorz Przenyik, who died as a result of the sustained injuries." The new indictment appears to charge the policemen with a lesser crime, while charges against the doctors remained the same.

Divisions Widen in British Pit Strike

LONDON (AP) — The British coal dispute entered its ninth week Monday with about 40,000 out of the 183,000 members in the National Union of Mineworkers still working, despite a strike call to protest government plans to close the 20 most unprofitable pits.

But there were signs that the dispute is widening divisions, not only between militants and moderates in the mineworkers union, but among union leaders in other industries, too. An official of Britain's largest union, the Transport and General Workers, warned Monday that his members would halt all supplies of diesel fuel in Scotland unless trucking firms stopped coal deliveries to the Ravenscraig steel plant at Motherwell near Glasgow.

The 95,000-member steelworkers union said its members will use whatever fuel the employers can get to keep blast furnaces and coke ovens going at Ravenscraig and at steelworks at Scunthorpe in eastern England, and at Llanwern in south Wales. It is feared that the plants will be closed permanently if the furnaces are damaged by a shutdown.

China to Supply More Arms to PLO

BEIJING (Reuters) — Yasser Arafat, the leader of the Palestine Liberation Organization, on Monday secured a commitment by China to supply more weapons to the PLO and to continue its political support for the organization.

The Xinhua news agency quoted Prime Minister Zhao Ziyang as telling Mr. Arafat that China would provide "the cause of Palestinian liberation with political, material and moral assistance within its capability." Middle Eastern diplomats understand the term "material assistance" to mean military and medical aid.

Mr. Zhao gave the assurance before Mr. Arafat left for North Korea after a three-day visit to China, which does not have diplomatic relations with Israel, one of the PLO's most long-term backers.

India Says It Made Fast-Breeder Fuel

NEW DELHI (AP) — Indian nuclear scientists have produced an indigenous fuel for a fast-breeder test reactor nearing completion outside the southern port city of Madras, the head of India's atomic energy program announced Monday.

The chairman of the Atomic Energy Commission, Raja Ramanna, said that the fuel is a mix of plutonium and uranium carbide. Other countries with fast-breeder reactors produce more fissionable material like plutonium than the reactor consumes, use a plutonium-uranium oxide fuel.

Mr. Ramanna said the carbide was developed after a fuel supply deal with France fell through because India had been asked to pay a "prohibitively high price." He did not say from where the plutonium would be acquired for the test reactor, although India has a small plutonium-producing reactor outside Bombay that is not open to international inspection. The installation provided the material for India's 1974 underground explosion of a nuclear device.

E. German Emigration Put at 25,400

BOON (UPI) — West German authorities said Monday that 25,400 East Germans had been allowed to emigrate to the West during the first four months of this year, compared with 7,700 in all of last year. They said, however, that unprecedented movement could be coming to an end.

Only an average of 75 East Germans a day have been allowed by the authorities to emigrate during the first three days of May, compared with a daily average of between 300 and 500 during the peak of emigration this year, they said. The government began granting large-scale permission to leave in February.

The West German news magazine Der Spiegel, meanwhile, said a group of leading East Germans has protested the new emigration policy of the East German Communist Party leader, Erich Honecker. It said that Prime Minister Willi Stoph appealed last month to Soviet leaders to intervene, saying that granting East Germans permission to leave endangered the nation's stability.

Alleged Guerrilla Arrested in Spain

BARCELONA (Reuters) — Police said Monday that they had arrested Jose Balmon Castell, suspected of being the leader of the leftist urban guerrilla organization GRAPO, which claimed responsibility for the killing of two police officers in Madrid earlier this year.

Police spokesmen said Mr. Balmon, 40, believed to be the leader of GRAPO (Grupo Fuerza Armada Revolucionaria), was detained near Barcelona last week and was being questioned.

The spokesman said that, besides the killing of the two officers in January, Mr. Balmon was also suspected in the abduction and ransoming of a bank manager in April and of several bank holdups. He was released from prison last year after serving a sentence for the killing of an army captain.

U.S. Crew Wins Gordon Bennett Race

PALM SPRINGS, California (UPI) — The helium-filled balloon Rosie O'Grady, which floated 1,000 miles (1,600 kilometers) from launch here on Saturday, was declared the unofficial winner of the Gordon Bennett International Balloon Race on Monday.

The two-man crew — Joe Kittinger, the pilot, and Bob Snow, the copilot, both of Orlando, Florida — landed near Hobart, Oklahoma, Monday morning. Mr. Kittinger was the winner of the 1982 race and runner-up last year when the race was held in France. Final results will be announced after race officials examine the balloons' flight logs and barographs, the instruments carried on board to measure distance. Nine balloons, representing seven countries, were competing in the race.

Ecuadoran Conservative Is Elected In Two-Man Runoff for Presidency

By Jackson Diehl
Washington Post Service

QUITO, Ecuador — Leon Febres Cordero, a conservative businessman, has won Ecuador's presidential election, the government reported Monday.

His victory signaled a shift to the right in a country deeply frustrated by the end of a long economic boom and still swayed after five years of democracy by its traditional attraction to strong leaders.

Mr. Febres Cordero, a self-made millionaire and leader of the Social Christian Party, defeated his center-left opponent, Rodrigo Boria, by a margin of 47 percent to 43 percent in a two-man presidential runoff Sunday, according to unofficial totals reported by the government.

Nearly 9 percent of votes were reported blank or invalid in what analysts here said reflected a response to a call by the Marxist left for a rejection of both candidates. Late opinion polls had given Mr. Boria, 47, founder of Ecuador's Social Democratic Party, a slight edge over Mr. Febres Cordero.

Mr. Febres Cordero, 54, will succeed President Osvaldo Hurtado Larrea on Aug. 10. Ecuador has a long history of military dictatorships, and the changeover would be the first transfer of power from one

elected civilian government to another in more than two decades. The victory of his six-party conservative coalition in large part represented the triumph of the populist coastal city of Guayaquil, and its powerful business establishment, over the rest of this nation of 3.8 million.

Although Mr. Boria, a lawyer from Quito, won the capital and 15 of 20 provinces, Mr. Febres Cordero accumulated an insurmountable margin on the coast, winning 62 percent of Guayas state's 900,000 votes.

Mr. Febres Cordero, who began his political career as president of Guayaquil's federation of industry, has promised to deal with Ecuador's slumping economy with free market policies, bolster the private sector and curtail such social programs as land reform.

The new president's appeal, however, appears to reflect Ecuador's tradition of personalist politics more than broad support for such rightist policies. A fiery stump speaker, Mr. Febres Cordero appealed to both regional chauvinism in Guayaquil and Ecuadoran nationalism in his campaign and presented himself as a leader, who would manage Ecuador's problems with a strong hand.

"Febres is nothing if not a candidate," said a veteran observer here. Alejandro Carrion, a leading

political commentator, added: "He gives people the impression that he is an experienced man who would know how to manage the situation."

Such old-fashioned politics, combined with Mr. Febres Cordero's campaign tactic of scathing personal attacks on Mr. Boria, have disappointed Ecuadoran leaders who have struggled to install modern democratic institutions in the country after generations of alternating populist presidents and military dictators.

The prospect of Mr. Febres Cordero's conservative program has prompted some opponents to warn of a dangerous political polarization under his scheduled four years of government.

Burdened by minority support in the new 71-member Congress, Mr. Febres Cordero will certainly face some of the most serious economic and social ills in Ecuador's modern history.

Cursed since its independence by the traditional boom-bust cycle of poor developing countries, Ecuadorians' well-being soared during the 1970s on the strength of oil exports, then collapsed in 1982, when oil earnings started to drop.

Mr. Hurtado, a 44-year-old former political science professor, has been forced in the last two years largely to abandon his reformist social programs for tough economic austerity measures required by



Leon Febres Cordero

banks and the International Monetary Fund for refinancing of the nation's \$6.3-billion foreign debt.

By most accounts, his government's austerity measures have been an admirable success, leaving Ecuador in a far better situation than most of its indebted neighbors. In the last year, Mr. Hurtado has managed to cut the state budget deficit to half the IMF target and lower inflation from an annual rate of 63 percent last September to 44 percent last month.

Nevertheless, the price for the economic adjustment has been mounting frustration by workers and the middle class. Strikes and rioting broke out over the government's price increases in October 1982, and March 1983.

As Mondale's Lead Grows Stronger, Rivals Seek Uncommitted Delegates

New York Times Service

AUSTIN, Texas — With many Democratic leaders predicting that Walter F. Mondale's lead in the race for the Democratic presidential nomination may be insurmountable after Tuesday's primaries, the candidates are turning their attention to an increasingly heated struggle over national convention delegates.

Victories in primaries Tuesday in Ohio, North Carolina, Maryland and Indiana would lift Mr. Mondale within striking range of a majority of delegates. So on Sunday, the Key, Jesse L. Jackson and Senator Gary Hart continued their attacks on the assumption that Mr. Mondale is assured of or entitled to all the delegates that are listed in his column.

Mr. Hart, at a news conference in Washington, insisted that there was no circumstance under which he would get out of the contest.

The Colorado senator maintained that he would woo away enough uncommitted and Mondale delegates to win the nomination on the first ballot. He said he would spur this movement by using the debate to make a broader popular appeal than Mr. Mondale.

"It is phenomenal that with all the advantages that Mondale has had, some fair and some unfair including PAC money, that he has yet to demonstrate that he represents more than 50 percent of the party," Mr. Hart said.

"PAC money" was a reference to the use of funds from political action committees of labor unions to promote the election of delegates supporting Mr. Mondale.

Mr. Jackson, campaigning in North Carolina, stepped up his criticisms of Mr. Mondale over his contention that the runoff primary system in the South discriminates against minority candidates.

Mr. Jackson said of Mr. Mondale, "Ask him about enforcing the Voting Rights Act and he gets amnesia and says he has to study that." The Associated Press reported from Raleigh.

"We want basic justice now. Don't try to intimidate us out of Congress, intimidate us out of judicial seats," he said.

It was the second consecutive day in which Mr. Jackson had ap-

peared to back away from the informal conciliation agreement he made with Mr. Mondale when the two men met privately with Robert S. Strauss, a former chairman of the Democratic National Committee, in Dallas Wednesday night.

That meeting spurred the proposal for formation of a "party unity task force" intended to heal the divisions created among the three candidates by the nomination battle.

In Louisville, Kentucky, Charles T. Manatt, chairman of the Democratic National Committee, said Sunday that he would support the appointment of Mr. Strauss to head the party unity group.

It was believed that Mr. Manatt's move could hinder efforts to make peace among the candidates, since the appointment of Mr. Strauss is opposed by assistants to Mr. Hart, who see it as an attempt to aid Mr. Mondale and as an expression that the former vice president is about to lock up the nomination.

In another move that could hinder party unity, Mr. Manatt said it would be difficult to make new concessions on party delegate selection rules, despite the insistence on these concessions by Mr. Hart and Mr. Jackson.

Stolen Computer Disk Holds \$2 Million in Data

The Associated Press

PHOENIX, Arizona — A computer disk containing computer graphics information that can be used by architects and engineers in designing buildings and is worth more than \$2 million has been reported stolen from a display booth at the American Institute of Architects convention here.

The 5 1/4-inch (15.7 centimeter) disk was taken from a booth sponsored by the province of Quebec, said Donald Collins, owner of ACADZ Inc., a Montreal company. He said the information took 12 years to research and develop and is worth \$2 million to \$5 million. The company has copies of the software, but Mr. Collins said he feared that copies of the stolen disk would be sold.

Power Politics Delays Travelers at U.S. Customs

By Leslie Maitland Werner
New York Times Service

WASHINGTON — Efforts to streamline the system of clearing travelers into the country have hit roadblocks, Senate aides and administration officials say.

The goal of reorganizing entry inspections is being threatened by power battles between the Customs Service and the Immigration Service, battles that are joined by the congressional committees that oversee them and the Treasury and Justice Departments.

Nearly everyone agrees that there is no reason to make travelers wait to be cleared twice, by immigration and customs officials, when they enter the country.

An end to the practice has been urged for more than 30 years, but calls for change have increased with the approach of the Los Angeles Olympics.

A Customs Service spokesman on the West Coast said it currently takes about 45 minutes to get through customs and immigration in Los Angeles, but things get so jammed sometimes that passengers can be held aboard aircraft on the ground for as long as 30 minutes before they get off.

Although facilities are expected to be increased for the Olympics, a basic change in the double inspection system in time for the Games is unlikely.

Dennis Murphy, a spokesman for the Customs Service, said that several factors affect how long a traveler must wait: the port of arrival, the season, and the time of day.

An American arriving at New York's Kennedy International Airport from abroad, he said, could pass through all formalities in one stop, in about 30 minutes. But foreign visitors at Kennedy must stop at both the Customs and the Immigration Services.

There are 28 other airports that use the same system, as well as nine airports with a relatively low volume of arrivals, where foreigners and Americans are checked only once.

Everywhere else, Americans and foreigners alike are checked separately by immigration and customs.

At peak season at Kennedy, an Immigration Service official said, it was "not uncommon" for arriving passengers to endure waits of up to two hours aboard planes or in hallways.

There was nearly a riot in the 1983 New Year period at Miami International Airport, where passengers had to wait as much as four hours to enter the country.

In many respects, the dispute over solving the problem is a textbook example of how the competing interests of agencies can block reform.

Edward C. Schmalz, a former deputy attorney general who has been involved in the problem through two rounds of negotiations 10 years apart, said the blockage came from "bureaucratic wrangling" for personnel, resources and jurisdiction.

The Reagan administration has developed a compromise plan to divide both the Customs and Immigration services a share of the in-

spection mission. But even administration officials who devised the proposals say it is not ideal.

Under the plan, the Immigration Service would have jurisdiction for land border crossings, where its inspectors would continue to search for people trying to enter the country illegally, but would also examine luggage.

The Customs Service would have jurisdiction over seaports and airports, where it would examine papers as well as luggage. At all stations, a small backup team from the other agency would be on hand.

Under the plan, 622 customs inspectors and 165 customs patrol officers would be transferred to the Immigration Service, while 505 immigration inspectors would go to the Customs Service.

But the net loss of 282 customs positions is one reason why the Customs Service, along with its congressional committees, is more opposed to the plan than the Immigration Service and its supporters.

They note that the Customs Service lost 400 jobs last year and that the administration is seeking to cut 950 more for fiscal 1985.

The end result, they say, could damage the service, particularly in its narcotics enforcement.

In the Senate and the House, there is a strong feeling that the administration has provided no solution. Congressional committees, as well as a recent resources study, have urged that the two services be united.

Joseph R. Wright, the deputy director of the Office of Management and Budget, who helped devise the compromise plan, explained that to

create a single agency would have been politically unworkable.

It would have set off a struggle between Treasury Secretary Donald T. Regan, whose department oversees the Customs Service, and Attorney General William French Smith, whose department oversees the Immigration Service, Mr. Wright said. "In that case, the president couldn't have made a decision," he said.

Senate aides said opposition was strong enough to jeopardize a bill to empower the president to make limited reorganizations in the U.S. executive branch.

The House has already passed the bill, but in the Senate, the bill is being held up because of the proposal on border inspections.

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Anti-Abortionists Assail Foreign Aid

By T.R. Reid

Washington Post Service

WASHINGTON — The anti-abortion movement is gearing up this week on an issue that has become one of the most important battlegrounds for the so-called right-to-life groups: President Ronald Reagan's foreign aid bill.

The House of Representatives is scheduled to start debate on the \$10.5-billion package of military and monetary grants to more than 100 nations and international organizations.

The groups are angry because the measure includes \$320 million for State Department "population assistance" programs. This category includes support for a variety of population control efforts.

Anti-abortion members of Congress plan a showdown by proposing amendments to limit population control funds in the bill.

The world's population is about 4.7 billion and it is increasing at a rate of a billion people every 15 years, according to U.S. government estimates. Population pressure is an acute problem in some developing countries, and many have asked the United States and international organizations for help.

Precisely which population control methods are financed by the United States is a subject of dispute. The administration says the U.S. money pays for education programs and for some contraceptives. Opponents say it is financing abortions and that, among other things, U.S. taxpayers are helping to pay for forced abortions in China.

Among the targets of the anti-abortionists' ire is Mr. Reagan, who has enjoyed strong political support from the groups. Although Mr. Reagan is an outspoken opponent of abortion, his administration has regularly increased funds for population assistance foreign aid.

"It's absolutely outrageous that they've kept this money in the foreign bill," says Gary Curran of the American Life Lobby. "To be fair, some of the funds were put in by the Foreign Affairs Committee" of the House. But the Reagan budget, Mr. Curran said, is "much higher" than President Jimmy Carter's. Through most of the Carter ad-

ministration, annual spending for foreign population control programs hovered just under \$200 million. This year Mr. Reagan asked the Congress for \$250 million. The House committee added \$70 million.

Still, it is doubtful that a foreign aid bill will be approved in Congress this year.

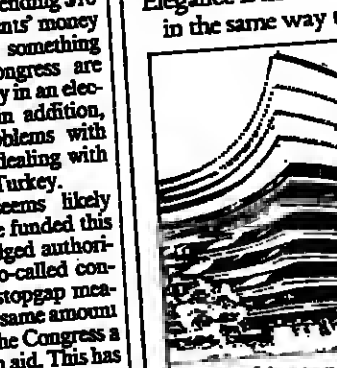
As a general matter, sending \$10 billion of their constituents' money to foreign countries is something many members of Congress are loathe to do, particularly in an election year. This year, in addition, there are specific problems with provisions of the bill dealing with Central America and Turkey.

Consequently, it seems likely that foreign aid will be funded this year, not by a full-fledged authorization bill but by a so-called continuing resolution, a stopgap measure that provides the same amount of money but spares the Congress a formal vote on foreign aid. This has happened for the past three years. Under a continuing resolution, the "population assistance" program would continue to be funded.

Still, both sides of the dispute consider the upcoming House debate important. The anti-abortionists contend that passage of their amendments limiting population

assistance funds would send an important message to the administration. Those who favor the \$320-million program fear passage of the amendments would prompt Congress to approve similar limitations in any continuing resolution for foreign aid.

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U.S. Has Special Aid Program for African Nations That Adopt Free Market Policies

By Leon Dash

Washington Post Service

WASHINGTON — The Reagan administration has developed a new economic aid program for Africa that will assist the few of the continent's many financially battered countries that are opening up their domestic economies to more capitalist-oriented free market policies.

Following in the footsteps of the International Monetary Fund and World Bank, the program, called the Economic Policy Initiative, reinforces the increasingly stringent conditions set for financial assistance to Africa by the IMF and, more recently, by the World Bank. The international agencies' economists believe that African governments have intervened too heavily in their domestic economies and, thereby, stifled agricultural and industrial production.

Funds from the administration's five-year, \$500-million program, called "reform leverage" by one high-level foreign policy official, will go to those countries that have already embarked on changing their domestic financial systems under IMF or World Bank pressure, said Princeton Lyman, deputy assistant secretary of state for African affairs, in an interview.

The new assistance program has been welcomed by a number of observers of Africa's economic problems, but it also has been criticized by private development experts and mem-

bers of Congress. State Department officials and personnel of the Agency for International Development, which will administer the program, said that some of the criticisms were valid while others represented unfounded anxieties about how the program will be run.

Currently, the United States gives about \$1 billion annually in bilateral aid to most of the 44 countries of sub-Saharan Africa. Funds for the new program would be in addition to average levels of aid.

Some of the financially strapped countries that have recently begun to reform their economic policies and can therefore be considered for a grant from Economic Policy Initiative funds include Zaire, Senegal, Ghana, Mali, Uganda, Madagascar, Somalia and Zambia, a senior AID official said.

Many African countries, including such nominally wealthy oil-exporting nations as Nigeria, are undergoing severe economic stagnation caused, in part, by government policies of tight domestic economic controls, according to U.S. and IMF officials.

For example, such controls on the movement of farm produce and government-ordered low prices paid to farmers to keep food cheap for urban populations have been a widespread practice in sub-Saharan Africa and have led to farmers producing little for local markets.

While the sums involved are relatively small in terms of overall U.S. aid to Africa, there have already been charges of Washington instituting "a new form of colonialism" by dictating to African governments what their domestic policies should be, said Robert S. Browne, former Carter and Reagan administration representative to the African Development Bank.

African governments will be forced to include in their long-term economic planning the "wishes" of three of the largest sources of economic assistance — the IMF, World Bank and the United States — and possibly override their own domestic priorities in order to qualify for aid, added Mr. Browne, who is now a senior research fellow at Howard University's African Studies Center.

"There is an element of truth" in Mr. Browne's charge, said a high-level State Department official, "and there is an element of duress" in setting the conditions for qualifying for the money. However, the official added, "if we dictated the type of crops to be grown, you could make the neocolonial argument." Africa's economic deterioration is accelerating, he continued. "The question is, can you do something [about it] without being an overbearing bastard?"

The chairman of the House Foreign Affairs Africa subcommittee, Representative Howard

E. Wolpe, a Michigan Democrat, said in an interview that he feared the program's funds could become a "slush fund" used to circumvent congressional restrictions on the amounts of aid that can go to certain countries. For the program's first-year \$75-million appropriation, Mr. Wolpe has written in a stipulation that the Senate and House foreign affairs committees be consulted and promptly notified of which countries would receive the money.

An aide to Mr. Wolpe said the Africa subcommittee had reduced Zaire's security assistance for next year from \$15 million to \$5 million, for example, and "the fear was that the administration would use the money allocated for economic policy reform" to make up the difference.

The notification requirement amounts to "an informal veto," said a State Department official. Mr. Wolpe "thinks we're going to put the money in right-wing rat holes," the official said.

Any congressional objection to the list of countries to receive money under the new program "would be seriously considered" by State Department and AID officials, Mr. Lyman said.

A compromise between congressional objections and administration wishes on which countries receive the money can "then be worked out," he added.

A development expert, Martin McLaughlin,

has criticized the program for spending small amounts of aid money bilaterally that could be better utilized if given to the World Bank's multilateral International Development Agency, where each American dollar donated generates an additional \$3 from other industrialized nations. Moreover, "500 million over five years is not much money" given the magnitude of Africa's problems, added Mr. McLaughlin, a retired AID official who now consults for the U.S. Catholic Conference on food policies in the developing world.

State Department and AID officials said, however, that the Reagan administration had put a lid of \$750 million on annual contributions to the World Bank's low-interest agency and any additional assistance for Africa would have to come from an increase in bilateral aid.

The \$500-million program "is not a lot of money," Mr. Lyman acknowledged, but part of the effort would be to get all of the countries giving aid to Africa to coordinate their activities along lines suggested by the IMF, World Bank and the new U.S. program, he said.

For instance, the French have discovered that they alone cannot carry their former African colonies' economic problems of growing food deficits, mounting trade imbalances and flagging industries, Mr. Lyman continued. "The

French want to cooperate with us on this," he said.

The pressure to move their domestic economies toward free market systems has up to now come mainly from the qualifying conditions set by the World Bank and IMF for the numerous credit-poor African countries coming to them in search of economic aid. A 1981 World Bank study called the Berg Report recommended that aid be withheld from African governments unless they made needed economic reforms, especially in the area of food production.

The Reagan administration's Economic Policy Initiative would apply the same style of pressure, said a high-level State Department official who declined to be identified. "It's leverage money," he said. "You can talk to [African officials] and say, 'You don't have this money locked up. It's available if we like what you're doing.'"

Secretary of State George P. Shultz, in a recent speech outlining the new aid policy, said that Economic Policy Initiative funds would go to those countries that have begun "the policy reforms needed to improve productivity."

None of the funds will be granted in advance, he said, "but rather we will respond to constructive reforms where and when they are undertaken."

Opponents of Botha Reform Launch New Afrikaner Society

By Allister Sparks

Washington Post Service

PRETORIA — Extremists of South Africa's Afrikaner community have formed a breakaway version of the Broederbond, a powerful secret society that plotted Afrikaner nationalism's rise to political domination and became a pervasive influence in the country's administration.

The Afrikaner Volkswag, or Sentinels of the People, was born at a ceremony attended by more than 7,000 people Saturday in a large exhibition hall here at noon, when a torch was lit to symbolize the rekindling of Afrikanerdom's flame of freedom.

The creation of the new group reflects the split that has riven the Afrikaner people and their National Party since Prime Minister P. W. Botha began some token reforms in the apartheid system two years ago.

Carl W. Boshoff, chairman for four years of the Broederbond, quit the organization in October after it endorsed Mr. Botha's new constitution for South Africa. That constitution gives a subordinate form of parliamentary representation to the country's "coloreds," or people of mixed race, and Asian minorities but not to the black African majority.

Mr. Boshoff immediately set about forming a rival group that could try to do for the new Afrikaner political parties of the far right what the Broederbond had done for the ruling National Party.

Saturday's ceremony was the culmination of eight hours of ethnic paganism that began Friday night and evoked all the thunderous history and heroic mythology of a pioneer people sometimes referred to as "the white tribe of Africa."

There were orations by the leaders of two breakaway parties of the far right, Andries P. Treurnicht of the Conservative Party and Jaap Marais of the Herstigte National Party, as well as by Mr. Boshoff, a son-in-law of the assassinated prime minister, Hendrik F. Verwoerd, who was the chief architect of the apartheid doctrine.

Mr. Verwoerd's widow was there too, and the crowd grew silent as Mr. Boshoff introduced her. Beys Verwoerd, a wispy woman of 83, said the occasion reminded her of the old days of the Afrikaner struggle.

Henning Klopper, 90, one of the six founders of the Broederbond in 1918 and its first chairman, was also there.

"The Broederbond is no longer an Afrikaner organization," said Mr. Klopper scornfully. "It is now an international organization." There could be no more withering appeal. In the lexicon of the Afrikaner far right, the word "international" has connotations of communism, godlessness, multiculturalism, cultural rootlessness and immorality.

Mr. Boshoff, in an interview, ex-

plained the differences between the Volkswag and the Broederbond. He said that the new organization would admit women and that it would be open, not secret. Its purpose is to alert the people to meet a threat to their continued existence as a Volk, or nation, he said.

As Mr. Boshoff and his friends see it, Mr. Botha's reforms represent such a threat. They say that a share in the national government

for some nonwhites, however limited, will eventually lead to a political takeover by the black majority and the swamping of Afrikanerdom.

"Our whole culture is in danger," Mr. Boshoff said. "It is a question of our survival as a Volk. One cannot just deal with that at the political level. The whole Volk must be brought into a discourse. We must mobilize all our academic resources."

Another difference is that the Volkswag will not have the same darkly dramatic induction ceremony that the Broederbond has, in which initiates are taken into a darkened room at night and made to swear an oath by candlelight.

According to Mr. Boshoff, the Volkswag will have a simple ceremony at which initiates will make a declaration accepting the Sentinels' principles of Afrikaner freedom.

As the doctrine makes clear, however, freedom means domination. South Africa, it maintains, is the Afrikaner's country, and he must rule it. The other "nations," the black "nations," can rule their own countries, which are the 10 little tribal "homelands" that together make up 13 percent of South Africa's total land area, but they must expect no rights in white-ruled South Africa.

"Our Volk have always been split at times of crisis," said Mr. Marais in his speech.

"This is because we have always had our soft element which talks peace and compromise. But we have always been saved by the tough minority that has stood firm," he said.

Hanoi Leader Says U.S. Stalls Normalization of Relations

United Press International

WASHINGTON — Vietnam is ready to normalize ties with the United States, but the process is blocked by "hostile" U.S. government policies "acting in connivance with Chinese expansionism," Vietnam's prime minister has said in an interview.

Pham Van Dong, in a Newsweek magazine interview released Sunday, denied that Vietnam has compromised its independence by relying on Soviet aid and said President Ronald Reagan's trip to China "is not a good omen" for peace and stability in the region.

"There are no other conditions for normalization [of U.S.-Vietnam relations] than that both sides show eagerness and good will," Mr. Dong said in the interview, conducted in Hanoi.

"But the process has been hindered by the hostile policies of the

U.S. government acting in connivance with Chinese expansionism with a view to weakening Vietnam," he said.

Mr. Dong also said that his country soon will return the bodies of eight more U.S. soldiers listed as missing in action, including a paratrooper whom he identified as Dominic Sansone of the 82d Airborne Division.

He insisted that "there are no living Americans left in Vietnam, and anyone who believes so is daydreaming." But he said that his government is doing its "absolute best" to find the remains of about 2,500 troops that Washington still lists as missing in action in Vietnam.

He accused the United States of "dragging out" the fate of 15,000 American children it "can have tomorrow if it so wishes." He said that U.S. documentation requirements are holding up the process.



REINFORCEMENT — Dressed in a uniform designed by Michelangelo in the 16th century, a Swiss Guard recruit takes the oath of service during a Vatican ceremony. He was one of 23 recruits, which increased the number of men in the Swiss Guard to 101.

Nimeiri Crackdown Expected to Bring Increased Activity by Sudanese Rebels

The Associated Press

KHARTOUM, Sudan — Sudanese rebels opposed to Islamic law are expected to respond to President Gaafar Nimeiri's recent crackdown by stepping up attacks against his pro-Western government, Western and other diplomatic sources say.

The sources, who declined to be identified for fear of embarrassing their governments, said they expected rebel activity to increase in the coming weeks as the rainy season spreads through southern Sudan, the center of the rebellion.

"The rebels will probably consider this a new challenge and will respond with more fighting," a diplomat said. "Now they will resume fighting, and as the rainy season has already started in some areas, it will be easy for them to make their attacks and hide in the bush."

Diplomats based in Khartoum, several hundred miles from rebel areas, said guerrillas of the Anyaya II group and the rival Sudanese Peoples' Liberation Movement army had been largely inactive during the month of April. The rebels, who Major General Nimeiri says are backed by Ethiopia and Libya, had been "catching their breath and waiting to see what Nimeiri does next," a diplomat said.

On April 30, General Nimeiri announced a state of emergency,

which among other things banned strikes and established special martial-law courts to crack down on black-market activity and opponents of his 14-year-old government. He followed the decree a day later with a government shakeup, in which he dismissed six cabinet ministers and several other senior officials, including several who had opposed his imposition of Islamic law last September.

Signs of growing instability in Sudan pose a problem for the United States, which has provided General Nimeiri with military and economic assistance. American officials claim the military aid was designed to protect Sudan against threats from Libya and Ethiopia and not to quell domestic dissent.

Chester A. Crocker, U.S. assistant secretary of state for African affairs, is expected here later this week to assess the situation in light of the emergency decree.

Western diplomats said the crackdown marked a major shift in General Nimeiri's response to the southern rebellion and to the growing disaffection among northern Muslim Sudanese over his handling of the economy. The rebellion broke out last year following the president's decision to divide the largely autonomous southern region of the country into three administrative districts.

Southern politicians claimed the decision violated the 1972 Addis Ababa agreement, which ended a 17-year revolt in the south.

Shigeo Nagano Is Dead; Japanese Industrialist

Los Angeles Times Service

TOKYO — Shigeo Nagano, 83, who helped build the world's largest steel company and became one of Japan's leading "businessmen-diplomats," died here Friday.

Mr. Nagano had been in ill health and last month resigned as president of the Japan Chamber of Commerce, a post he had held for 15 years. He underwent an operation Thursday.

The personification of a *zaibatsu* — or business world — leader, Mr. Nagano helped shape Japan's foreign policy, its domestic politics and even its business structure throughout most of the post-World War II era.

A 1924 graduate of the law school of Tokyo Imperial University, Mr. Nagano joined the Fuji Steelmaking Co., which was in financial trouble. He rehabilitated the firm and merged it into Japan Iron & Steel Co.

U.S. authorities ordered Japan Iron & Steel split in half in 1950 as part of postwar policy aimed at decentralization of Japanese economic power. But Mr. Nagano, who became president of the new Fuji Steel Corp., brought the company back together with its other half, Yawata Iron & Steel Corp., in 1970.

The new company, Nippon Steel Corp., became the world's largest steelmaker, surpassing U.S. Steel, and has held that position ever since.

Other deaths: William Egan, 69, a grocer who became Alaska's first governor, Sunday of lung cancer. Mr. Egan, a Democrat, served twice as gover-

nor, from 1959 to 1966 and from 1970 to 1974.

Gustave Singier, 75, a painter, Friday in Paris. The Belgian-born artist moved to Paris and took French citizenship in the 1940s. He helped found the *Ecole de Paris*, characterized by figurative, brightly colored paintings.

Larry Stock, 87, who wrote the music and lyrics for "Blueberry Hill" and "You're Nobody 'Til Somebody Loves You," Friday at a nursing home in Lakehurst, New Jersey.

Thomas E. Drotman, 56, former president and chief executive officer of the McKesson Corp., a distribution company, Friday in Greenbrae, California. He resigned his position three months ago.

French Aristocrat Was Slain by Rifle

The Associated Press

PARIS — A young French aristocrat was murdered with two shots from a hunting rifle, police reported Monday following the autopsy of a body recovered from the Seine River.

The dead man, Edouard-Xavier de Lobkowicz, 23, was the son of New York-born financier, Prince Edouard de Lobkowicz, and his wife, Princess Françoise de Bourbon de Parme. He was last seen when he left his parents' apartment in Paris early last month. The body was recovered from the Seine in suburban Ivry April 27. Police said the autopsy disclosed that Prince Edouard-Xavier, a former paratrooper officer, was killed in April with two shots in the chest from short range. The body was then dumped in the river.

Police said there were no indications whether the murder had political, criminal or personal motives. The young man's family was closely involved with Christian charities in Lebanon, while his uncle, Prince Sixte-Henri de Bourbon-Parme, was a leader of the dissident Carlist movement in Spain.

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ARTS / LEISURE

Heavy Man With a Lean Voice

By Michael Zwerin
International Herald Tribune

PARIS — When the audience just sits there waiting for him to show them something, B. B. King figures: "Show them. You're supposed to be an artist. Nobody ever told you it was going to be peaches and cream."

He'll sing harder, haul out every lick in his inventory and maybe they still look at him "like I just arrived from Mars." When that happens he thinks, "Maybe I picked the wrong job." He'll go back to the hotel and practice, or just lie there losing sleep. "God why did I try that. I thought I could do it. What's going to happen tomorrow?"

Then he'll see "just one person tap a foot or maybe touch their leg with a hand and suddenly it's all worth it."

"For B. B. King, the blues is something 'sacred,'" according to his biographer, Charles Sawyer, "and he has made it his mission in life to take this indigenous black American art music form to the world. He is the dominant modern blues voice."

The most popular and widely imitated blues musician active today, King introduced multiple modern influences into a rigid form without losing sight of its roots. He has reached an audience far beyond the ethnic in-crowd, and the blues paid off. He wears gold jewelry and expensive tinted glasses with his initials embossed in a corner and he lives in a rambling Las Vegas ranch house with a swimming pool, four guest rooms, an office with a full-time secretary and walls covered with citations.

"I'm a musician, I like night life," he explained about living in Las Vegas. "It's not that I need a party every night, but I don't like to go to bed at 11 either. I moved to Vegas eight years ago from New York to be nearer to my dad, who lived in Los Angeles. My dad died in January. Which reminds me about my friends Alexis Korner (the British bluesman) and Count Basie, who just died. My friends are dying."

Like Basie, King is a master at putting a note in the right place, and not one too many. A British critic recently told him: "You're one of the best at playing while not playing." King attributes this to a childhood stammer. "My teacher would say, 'Take your time. You want to say work or walk? Decide what you want to say. There's no hurry. They'll still be there.' That's why I still talk very slowly now. And I learned the same thing on the guitar. Trade speed for economy. Say less but try to make it mean more."

King is a heavy, lumbering man with a lean and streamlined voice; it is difficult to imagine this voice coming from the man. "Same thing when I sing. Let's assume you've got one foot, 12 inches. Like the blues has 12 bars. You've got between 1 and 12 to say what you've got to say. Somewhere in there you've got some breaks. Leave open a couple of bars. Then catch up. I'll never sing the same song the same way twice and it's the spaces that make the difference. It's like a guy pitching a baseball. He might come over the very edge of the plate, but it's still a strike. You try to hit that last inch."

He studied the Schillinger system of composition so as to be able to look at music on graph paper, to learn more about the strike zone.

Asked how often he works, he laughed. "It would be easier to ask me how long I'm off. I play over 300 concerts a year. But I always take off the first two weeks of June to go back to Indianola, Mississippi, where I grew up." He was born Sept. 16, 1925, in nearby Ita Bena. "I have a friend there, Charles Evers. His brother Medgar was assassinated and we always celebrate his memory the first week in June. So I make two weeks of it. The second week I'll go to schools, play for the kids, play a few nights in local clubs that helped me get my start but which can no longer afford to book me. I have a cousin down there that's a preacher. So I always try to get the Holy Ghost again."

The boy Riley B. King worked as a laborer on plantations. "I made \$50 a year. Can you imagine? It's hard to believe. When I go back I wonder why these people still stay down there with it. But you never miss what you never had. I guess I was a rebel. I always thought there was something better."

At 14, he was given a guitar by his aunt's brother, Archie Fair, a preacher who played guitar during services. He listened to the country blues masters, picked up guitar technique from Charlie Christian and Django Reinhardt. He learned to shade, bend and slide notes, learned sophisticated jazz chords, which he laughingly refers to as "pregnant thirteenthths." After World War II, he moved to Memphis and got a job on a radio station where he acquired the nickname "The Beale Street Blues Boy," which was shortened to "B. B."

He made his first records for a small Nashville label in 1949 and has led a band ever since, and the 70-some albums that followed established him with a worldwide audience. After his big hit "The Thrill Is Gone," with strong, he began to be booked into rock venues. He

performed with a variety of musicians from differing disciplines, including Ringo Starr, Arnette Cobb, Al Kooper, Major Holley, Leon Russell and Carole King. Rather than writing, he prefers to find "other people who can say what I want to say better than I can." Stevie Wonder wrote "To Know You Is to Love You" for him.

Touring the Soviet Union for the State Department in 1978, he noticed that "the first three rows were always stiff. My manager finally told me that these were the dignitaries. So I had a bright idea during intermission one night. I took the guitar pick I was using and gave it to the person I thought might be in charge. That person smiled. Then everybody else up front smiled at me as if to say, 'Where's mine?' I've been giving out guitar picks ever since."

"I think of the blues in terms of truth and simplicity. We say what we say for the people who didn't go to college. Whereas maybe a great philosopher, like Mark Twain, would write an essay to tell a lady he loves her, all I know how to do is say 'Baby, I love you.'"

B. B. King: Toulouse, France, May 9; Paris (Hotel Meridien) May 10; Grenoble, May 12; Seville, Spain, May 13; Madrid, May 14; Valencia, May 15.



B. B. King: "Say less but try to make it mean more."

Filming New Epics in Italy

By Thomas Quinn Curtiss
International Herald Tribune

ROME — Italy, with its sunlight and scenic splendor, is an ideal land for filming — a fact that was realized virtually as soon as movies were invented.

The Italian screen spectacles on the eve of World War I introduced "colossal" epics; in the 1920s, Mussolini put a quota on imported films but invited foreign companies to work in Italy, and the Italian industry rose from the ashes after World War II with the films of Rossellini, Visconti, Fellini and Zeffirelli.

Now once more foreign companies are on location all over Italy.

At Assisi, birthplace of St. Francis, the film in progress is "The Assisi Underground," based on a best seller about an obscure chapter of wartime heroism. Its Polish-born author, Alexander Ramati, a war correspondent, is directing it. His cameraman is Giuseppe Ronanico, who to achieve a documentary effect is producing newswreel effects but with color photography.

Following the fall of Fascism and Italy's occupation by Hitler's armies in the summer of 1943, Assisi became the headquarters of a clandestine operation to shelter and aid hundreds of Jews.

Ben Cross, the English stage and television actor best known for the Oscar-winning "Chariots of Fire," plays the young Franciscan chosen to supervise the operation. A disciple of realism, Cross prepared for his assignment by spending a spell in a Franciscan monastery, where his hair was tonsured.

James Mason plays the bishop who conceived the rescue project; Maximilian Schell is the German commander, a Catholic with a troubled conscience; and the Greek actress Irene Papas is an abbess. Ramati, recreating Assisi's daily life in the 1940s, dressing its

residents in the shabby garments of the war years, returning their homes to the austerity of the 1940s.

In Rome, on the sound stage of the vast Cinecittà studio, cardinals gather to elect a new pope in a Vatican chamber for an opening sequence of "Saving Grace." It is based on a novel by Celia Saxon, who imagined what would happen if a conclave secretly elected a pope for a few weeks.

Its director, Robert M. Young, says the film opens the Gideisen novel's comic fantasy into a social content. The pope, finding himself in a country village that has gone to seed, gains confidence of its populace and works for its redemption before returning to his obligations.

The English actor Tom Conti is the pope's common touch. Fernando Rey, remembered for Bresson's films and as the sly narcotics trader in "French Connection," has a more sympathetic than usual as the worried confessor of the pope. Erland Josephson, of Ingmar Bergman's "The Crying Game" and "The Silence," is a monsignor.

The Paramount production of "King David," Richard Gere as the giant-killer, is engaged in battles in Sardinia, while its palace scenes are filmed to be realized at Cinecittà in June.

Meanwhile, with so many foreign companies working in Italy, a new version of "Quo Vadis" Italian company Leone Film-RAI-I is being shot entirely in Belgrade. It is being filmed with an international cast in English under Franco Rossi's direction. Klaus Maria Brandauer, the unscrupulous thief of "Mephisto," is Nero. Two youngsters are in their screen debut in the lavish thriller of debauchery and Christian martyrdom: Francis O'Shea, son of Anthony Quinn, as the Roman officer Marcus, and Marie Therese Rein, daughter of Maria Schell, who converts him to the new faith.

Verdi's 'Vespers' Gets Rare London Revival

By Henry Pleasants
International Herald Tribune

LONDON — The English National Opera production at the Coliseum of the Verdi opera most familiarly known as "I Vespri Siciliani" is the first to be staged in London since 1859.

Here, of course, it is sung in English as "The Sicilian Vespers." Originally, in Paris in 1855, it was "Les Vespri Siciliens." When translated and adapted for Italy, out of deference to Italian and Sicilian sensibilities, the action was transferred to Portugal and the opera retitled "Giovanna di Guzman" before being returned to Sicily and settling down to fitful survival as "I Vespri Siciliani."

Although new to London, this is by no means a new production. It began life in Hamburg, directed by John Dexter, designed by Josef Svoboda and costumed by Jan Stalicky. Since then it has been seen and heard in in Paris and New York. The Coliseum incarnation is "produced" by Fabrizio Melano.

Verdi scholars have always been fascinated by the fact that "Les Vespri Siciliens" came after "Rigoletto," "Il Trovatore" and "La Traviata," all three of which are inferior to all three. Most scholars agree that the explanation lies in Verdi's presuming to challenge Meyerbeer on the latter's home ground with a "spectacle" opera of Meyerbeerian dimensions.

He nearly brought it off despite an implausible libretto by Scribe, based on a historically inaccurate account of a massacre by Sicilian patriots of French occupiers in the 13th century and, possibly more importantly, despite having to compose music to a French text.

For production today "Les Vespri Siciliens" poses weightier problems, the same, indeed, that confronted the ENO in the production of Wagner's "Rienzi" last autumn. The kind of five- and six-hour spectacle that so delighted

Parisians in the heyday of Rossini and Meyerbeer is no longer viable.

What we have at the Coliseum is a compromise, but probably preferable to a concert performance. Svoboda's basic set is a zigzag staircase resembling nothing so much as an empty section of bleachers in a minor league baseball park.

And yet there are rewards. The music, most of it, anyway, is there, not top-drawer Verdi, but still full of reminders of better things. And the music is well served, especially by Neil Howlett in the role of the tyrant Guy de Montfort.

Rosalind Plowright and Kenneth Collins, as the lovers caught between conflicting loyalties sing well enough to relieve the tedium of their lengthy exchanges. And there is a splendid account of a lustrous orchestral score and much fine choral writing under Mark Elder.

Further performances: May 9, 12, 15 and 19.

The sleeper in the Camden Festival has been the European premiere of Frederick Delius's one-act verismo pot-boiler, "Margot la Rouge," written in 1904. The full score has only recently come to light and was first performed in St. Louis last year. The opera is set in a low-life café in Montmartre, and tells of the meeting of Margot la Rouge, now a whore, with her childhood sweetheart from the country, now a soldier. It's the Don Jose-Carmen situation in reverse. The soldier is killed by Margot's lover, and she in turn does the killing in — all in 40 minutes.

The Park Lane Opera production at the Bloomsbury Theatre by Robert Carsen, in a wonderfully evocative set by Johan Engles, strongly conducted by Clive Timms and splendidly cast, was so effective that one was left wondering how much credit was due the production and how much to Delius. In any case, it worked, recalling good productions of Puccini's "Il Tabarro" (1918), which it greatly resembles.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

The Report on Ireland

The New Ireland Forum, set up last spring in seek of a political solution to the crisis in Northern Ireland, has issued a report that outlines the major political, economic and religious problems of the island and suggests some alternative solutions. It is out, as some Unionist leaders in the north have described it, a rigid, nonnegotiable blueprint for a new nation. The document is an opening statement in what its writers hope will be a continuing debate.

All democratic political parties that reject violence and have elected parliamentary members in the north and south were invited to participate in the deliberations of the Forum. Sinn Féin, the political wing of the outlawed Irish Republican Army, was excluded, but the Unionist parties of the north chose to reject the invitation. Thus, only mainstream Roman Catholic leaders from north and south were part of the deliberations, though the views of all segments of Irish society were solicited. Given this composition, it is not surprising that the Forum members expressed a preference for an Ireland, united with the consent of all factions, in one of three forms — a new independent state, a federation with parliaments in both north and south, or joint rule of the north by Britain and Ireland. What is new and important is the document's emphasis on consultation and the preservation of religious and political rights of minorities.

Acknowledging that Protestants in the north want to preserve their British character and their separate religion, Forum leaders stress that a new Ireland will require a new constitution. Citing the American Constitution as a model, the writers insist that any new document must recognize the diversity as well as the unity of the people. They propose that British citizenship be retained by those in the

north who so desire. Religious freedom would be guaranteed and dual traditions of the educational systems would be retained. A new government would be fashioned in a way that would guarantee minorities a minimum number of parliamentary seats, weighted voting on a predetermined set of issues and a blocking mechanism on certain kinds of legislation. Is this not worth discussing?

The Irish stage of the strife in Northern Ireland has continued for more than 15 years. In a population of 1.5 million, more than 2,300 have been killed, tens of thousands have been wounded and maimed and almost all — especially, and most poignantly, the children of the north — have suffered the trauma of continuing violence. The economic consequences are incalculable, not the least of which is high unemployment projected to reach 32 percent by the next decade if no solution is found. Irish leaders are desperate, as the Forum report concedes, to find a political solution that will "halt disillusionment with democratic politics and the slide toward further violence."

The Forum report deserves a constructive response from the Unionists in the north and from the British. If the three possibilities suggested are unacceptable, what kind of political reforms and structures should be proposed as alternatives? Nationalists who drafted this document acknowledge that there must be Unionist participation in devising alternatives to violence and stress that they remain open to discuss any other views that will contribute to a political solution. Their overture has met with rejection in Belfast and lukewarm expressions of interest in London. Counteroffers, constructive alternatives and, above all, continuing discussion by all parties are needed.

— THE WASHINGTON POST.

Uprooted in South Africa

Mogope flashed briefly across the world screen in February. That stable and prosperous community of South African blacks, who had bought their land some 70 years ago before legislation forbade black-owned property, was designated as a "black spot" by the white minority government. The police forced its helpless inhabitants into trucks and dumped them in a remote and barren resettlement camp 80 miles (130 kilometers) away. It was a typical instance of apartheid in action, part of the whites' giant sorting out of the black population, physically and politically, into tribal "homelands" that, chances are, the blacks have never seen, let alone asked to live in. The only unusual thing about Mogope was the publicity it happened to get in the press.

The other day The Washington Post's reporter, Allister Sparks, went back to see what had happened to the people of Mogope (IT, May 7). He found evidence at once of the brutalizing effects of apartheid and of the determination of simple people to maintain what dignity is left to them. The villagers had refused to stay in the relocation site where the government dumped them. Although the ex-

pense consumed most of the feeble compensation they had received for their original property, they had moved to a tribal settlement of their choice, where — their homes, livelihoods, community facilities and comforts gone — they were bitterly pondering their fate.

The South African government keeps pumping out propaganda saying that life for blacks is getting better and better. Listen to one of the uprooted Mogope villagers: "They did not discuss with us. They just come. They come in the middle of the night all armed with revolvers. They come and surround your house as though you killed somebody. Then they force you to leave your house without you knowing why, how you must go. They decide how much to pay you without talking to you about it. But you must accept because they already break your house. Then they tell you you must go to Pachtadral although you tell them you must go to Bethanie. They tell you if you want to go to Bethanie they must fetch your own transport. They must be great towards to come and surround people when they are all fast asleep to do these things."

— THE WASHINGTON POST.

Other Opinion

The Pope's South Korean Visit

Pope John Paul II found himself in a delicate position in South Korea as the official guest of a country with limited respect for human rights while being the leading authority for Christians involved in the struggle to defend those same rights.

The pope has confronted a similar problem in Latin American countries but also, last year, in his native Poland. His doctrine, it seems, has not greatly evolved since. He has been heard again and again to encourage Christians to actively defend the oppressed — beginning with those suffering from economic exploitation — but suggesting to priests that they not involve themselves too deeply in political affairs. Is it possible to do one and not the other when the freedoms of unions and the press, among others, have been curtailed? There is ambiguity in the teachings of John Paul — a spiritual authority who is also sensitive to his secular responsibilities.

— Le Monde (Paris).

Hidden Threats to Mankind

Nicholas Guppy, a British expert, details in the journal *Foreign Affairs* something that seems as threatening to humankind as nuclear war, and that is the mindless destruction of the world's tropical rain forests. This process is proceeding so rapidly that if there is no change the resource will be largely gone by the year 2057. That loss almost certainly would be

irreversible, at best remediable in nothing short of four centuries.

"Its preservation is important for many reasons," Mr. Guppy writes, "but perhaps the most important because it offers endless opportunities for mankind and because it is irreplaceable."

Lewis Thomas, chancellor of the Memorial Sloan-Kettering Cancer Center, called attention in another article to two extraordinary opportunities over before the world: marshaling already proven technological capabilities to tackle the parasite diseases that plunder the vitality of billions of the world's poor.

Mr. Thomas was writing to remind us all that science and scientists do not succeed in isolation, particularly if isolated behind national frontiers.

Such issues should have a place in the national debate now under way as part of the quadrennial scramble for the White House.

— The Los Angeles Times.

If Mondale Faces Reagan

Until Walter Mondale gets the Democratic Party nomination and turns his full attention on Ronald Reagan it is impossible to measure his strength with much accuracy. He is stronger than many people thought. But the results will not be a foregone conclusion. It will be a battle between two very experienced politicians backed by very large and well-run organizations. Mr. Mondale has a chance.

— The Times (London).

FROM OUR MAY 8 PAGES, 75 AND 50 YEARS AGO

1934: After 160 Years: A 13th Bride?

WASHINGTON — The Herald's exclusive cable despatch from Peking announcing that the United States had taken the initiative with the Powers to endorse China's desire to have higher tariff rates in order to increase her Customs receipts was confirmed by the State Department [on May 7]. The Department has already approached the Powers and has received favorable replies from all countries except Germany. The Powers are willing to grant China's request provided China first brings about the currency reform promised in the treaty of 1903. Without these reforms Great Britain, France and Japan believe it would be inexpedient to take up the matter; consequently the United States will endeavor to have China take up the currency reform matter.

ISTANBUL — Zaro Agha, the world's oldest man, who claims more than 160 years, and who has lain seriously ill in a hospital here for nearly a month, announced [on May 7] that he had received an offer of marriage from Milwaukee, Wisconsin, and that he is seriously considering his thirteenth venture into matrimony. The offer, received in a letter from Miss Ellen Hickmann, came to the hospital on April 18, it was said, but was not shown to Zaro until later because of his condition. The old man said he met Miss Hickmann during his visit to America three years ago. He said he did not know her age, but intimated that she was not young. Zaro is said to have been born in 1774 in Bileic and came as a young man to Istanbul, where he worked as a porter.

Lebanese Worried As U.S. Diverts Aid

By Joyce R. Starr

WASHINGTON — Two weeks after the Feb. 22 withdrawal from Lebanon of the last of the U.S. Marine contingent, the Reagan administration notified the government in Beirut that it was "borrowing back temporarily" almost one-third of the economic assistance package pledged by Congress for 1984.

The message conveyed to Beirut by U.S. Ambassador Reginald Bartholomew was decisive in tone. Since conditions in Lebanon prevented the implementation of targeted projects, \$40 million was to be rechanneled to programs in Grenada, including the completion of the airport there.

The Lebanese were assured that reprogramming of aid from one country to another was not without precedent, that the funds generally were required the following fiscal year. Yet the prospects for additional monies for Lebanon are already in doubt: The latest Reagan administration request for an additional \$20 million in the 1985 fiscal year faces serious challenges in Congress.

"By redirecting Lebanon's money to Grenada," said a senior Senate aide, "the White House gave the impression it couldn't spend the funds in hand. So why should Congress add to the burden?"

The Gensys government held hopes through mid-1983, as the country slid into the worldwide of anarchy and intermittent cease-fires, that foreign aid would cover 75 percent of Lebanon's reconstruction bill, which has been calculated by the World Bank at \$12 billion over the coming decade. U.S. assistance in the best circumstances would have provided only a fraction of these needs, but the symbolic value was high.

"The share of American participation has importance much beyond the monetary figure," said Moham-

mad Attallah, chairman of Lebanon's Council for Development and Reconstruction, during a quiet round of high-level talks in Washington late last month. "The confidence leverage of the U.S. dollar in attracting other monies cannot be equalled."

A second Lebanese official offered a more scathing evaluation: "No one in Beirut takes the United States seriously anymore as a military power, so what does it mean when the U.S. declares that it is still mediating in Lebanon? Mediating with what?"

If U.S. political power cannot be reinforced militarily, the only means left is through economic support, said the official. Lacking that support, "the American ambassador finds himself negotiating just like any other lawyer in town."

Ironically, there are early signs that the leaders of the pro-Syrian National Salvation Front, who succeeded in driving U.S. forces from Beirut and now control the helm of a reconstituted cabinet, will soon be turning to Washington for financial assistance.

A foreign affairs liaison of Walid Jumblatt, the Druze leader, is already insisting that "it was never our policy to push the United States from Lebanon. But with the Lebanese Army hiding behind American troops, what could we do?"

The Druze, he added, are "very keen" on good relations with Washington. He noted that the predominantly Druze-inhabited Chuf mountain area is especially in need of reconstruction funds. "The Chuf has suffered not only from the terrible fighting," he reminded a listener, "but also from the guns of the New Jersey. America has a responsibility to help us."

The common belief that the traditional vigor of the private sector will provide fiscal relief for the new gov-



ernment could also prove erroneous. The novelty of Lebanon's present woes, said Mohammad Attallah, is that "for the first time in our history, the government is holding up the private sector, and not the reverse."

Government expenditures have become essential "since there is no other form of investment in Lebanon today, apart from consumption purchases," most of which, he said, are imported goods.

Damage figures, including losses generated by the fighting in Tripoli, the Chuf and the Beirut area, have skyrocketed by Lebanese estimates to as much as \$16 billion, and this, according to Mr. Attallah, "is only for the public sector."

With remittances at an all-time low, bankruptcies multiplying, for-

sign assistance frozen, and the banking sector stagnant, Lebanon's national unity parties may find they won the war and defeated the economy. But what about help from their Syrian ally?

Lebanese who travel through Syrian checkpoints are pessimistic. "Our driver distributed leaves of bread at each checkpoint," is an oft-repeated story. "If the Syrians want bread instead of money," asked a weary expatriate, "What does that tell you about the coffers of Damascus?"

The writer is director of the Near East Program at the Center for Strategic and International Studies of Georgetown University. She contributed this column to the International Herald Tribune.

The CIA: Its Failures Reflect Its Frequent Misuse

By Thomas Powers

WASHINGTON — Now what was that all about?

In March, six vessels, including the Soviet oil tanker Lugansk, struck mines seeded along the approaches to Nicaraguan harbors. Protests followed from Britain and France, among others. The "contras," fighting to overthrow the Sandinista rulers of Nicaragua from bases in Costa Rica and Honduras, took responsibility for the mining.

But everyone knows that the contras are financed by the Central Intelligence Agency, and everyone knows — or ought to know by now — that Operational Rule No. 1 for the CIA in ventures of this sort is control.

There is not a micron of daylight between the contras and the CIA. The tail does not wag the dog. No one should have had to tell the Senate Intelligence Committee that the mining was a CIA operation, just as no one should have had to tell the committee that there is on daylight between the CIA and the White House. If the CIA is doing something, the president wants it done.

So why the big flap in April, settled only after the CIA's director, William J. Casey, apologized to the Senate Intelligence Committee for not having kept it "fully and currently informed" as required by law?

There are two answers to this question, one narrow, one broad.

The narrow answer is that Mr. Casey had something to apologize for. The CIA had tried to slip one by the senators: the fact that the mining operation was not only conceived and directed, but also carried out by the CIA, using its own paramilitary officers on a "mother ship" and special commando teams of "Latin Americans" who placed the mines. The contras played only a walk-on role, dutifully "claiming credit."

The operation marked an important step toward "Americanizing" the war, and the CIA deliberately fudged the point in its briefings because it knew the senators would balk. The administration wants to win the war in Central America, using Americans if necessary. The Congress wants to stay out. The fiction of an arm's-length relationship to the contras represents a working compromise between the White House and Capitol Hill.

But it is the broad answer that is of real interest, because it helps to explain why U.S. presidents have called so often upon the CIA's covert operators: why the agency, feeling heat from the White House, tends to be so impatient for results; and why the CIA is failing in Central America now, as it has so often before.

The CIA was set up in 1947 to prevent a repetition of Pearl Harbor, by providing a central location for processing intelligence from all sources. But within a year or two it had taken on two additional jobs: intelligence collection on its own and covert operations. It was the latter that captured the imagination of presidents and their advisers.

Secretary of Defense Caspar W. Weinberger recently asserted that there is no corner of the world so remote, no nation so insignificant, that it does not represent a vital interest of the United States. That is a broad assertion, but not a new one. U.S. policy has been global in scope at least since the 1948 Berlin blockade, and the CIA offered American presidents a tool for backing up U.S. interests with bite: something between a diplomatic note of protest and sending in the marines.

Accordingly, the CIA was directed to support and sometimes actually conduct clandestine shooting wars in Lithuania and Latvia, Albania, the Ukraine, Tibet, Indonesia, Vietnam, Laos, the Congo, Cuba, Iraq and Angola. With the exception of the Congo, "our side" lost every one of them.

The reasons for failure are not hard to find. Some of the secret wars were hopeless in begin with, as in Albania and the Ukraine. Others were over-

whelmed by larger events, as in Laos and Vietnam. But all had one characteristic in common: They did not really represent an effort between protest and the marines, but rather a substitute for sending the marines. Their aims and scale were military, not political, and the CIA was given the job, as it has been given the job in Central America now, because presidents found it politically difficult to use regular military forces.

There are many things that the covert arm of the CIA can do. Running a full-scale war with a proxy army and a handful of case officers harassed by Washington is one of them. The proxies are creatures of a foreign power and are not allowed to forget it. The case officers are supposed to run the war and live low at the same time. The people in charge in Washington are shooting for the moon — a military victory — but have to keep one eye on Congress, which insists on a secret war because

it will not support an overt one.

The flap over the mining of Nicaraguan harbors was the result of Congress drawing a line — no Americans! — that President Reagan is willing to cross because his aims are on a scale his proxies cannot deliver.

It is not hard to sketch in the administration's nightmare in Central America: The rebels win in El Salvador and immediately proclaim a free system with a mixed economy, appoint the widow of a moderate martyr to the ruling group, promise to release all political prisoners after "re-education," restrict the export of capital, send a group of students to Bulgaria for pilot training, reorganize the security services with East German help, sign a trade agreement with the Soviet Union, exchange fraternal greetings with Libya and the PLO, schedule free elections for 1991, welcome 12,000 Cuban elementary teachers and dental technicians, organize a people's militia, limit the

import of newspaper by opposition papers, invite U.S. students to help in the coffee harvest, and extend hospitality to representatives of Guatemalan and Honduran rebel groups.

If Congress did not pretty much share this vision there would be no contras. But when the United States to help in El Salvador? The death squads and the oligarchs with Miami bank accounts? Failing an ally with native strength and decency, shall Americans fight the war themselves, and the others sure to follow?

It is an old dilemma. Congress has drawn a line: no Americans. The administration wants the sort of results no CIA proxy army can deliver. Argument is inevitable, but it will not be eternal: The United States is sliding toward war or failure in Central America. My guess is this time failure, next time war.

The contributor, author of "The Men Who Knew the Secrets: Richard Helms and the CIA," wrote this article for the Los Angeles Times.

Foreign Affairs and the U.S. Election

By Warren Christopher

NEW YORK — In 1960 the new Republican presidential nominee, Richard Nixon, assembled 36 party elders at a midnight meeting in Chicago to help him choose his running mate. The governor of Illinois, William G. Stratton, offered this advice: "You can say all you want about foreign affairs, but what is really important is the price of hogs in Chicago."

But Mr. Nixon chose to run with Henry Cabot Lodge, who had just cleared eight highly visible years at the United Nations. Mr. Nixon explained: "If you ever let the Democrats campaign only on domestic issues, they will beat us. Our only hope is to keep it on foreign policy."

Then, the Republicans would run under the banner of keeping America out of war and would try to shift the debate away from domestic policy, where Democrats had a better reputation. But the conventional wisdom now holds that foreign policy is not a decisive factor in presidential elections. The theory is that Americans are single-mindedly concerned about their pocketbooks.

History casts doubt on this. In elections since 1944, foreign policy issues have almost always played a prominent role, and many times, a decisive one. In 1944 a major war, the ultimate foreign policy act, was still under way. The argument for Roosevelt was that America should not change leaders in midstream. Four years later the Republican chairman of the Senate Foreign Relations Committee, Arthur H. Vandenberg, said, "Politics stops at the waters' edge." That spirit undoubtedly helped Harry Truman.

In 1952 Dwight Eisenhower won

as a war hero and also as a peace-maker who pledged to "go to Korea" to end the war. In 1956 his overwhelming electoral strength was probably enhanced by the crises in Hungary and at Suez that same year. In 1960, economic, generational and personality issues overshadowed everything else — but Kennedy and Nixon, the candidates, respect the electorate enough to address the real issues?

There are plenty of these profound issues such as whether Americans will accept the risks of an arms control agreement that is less than perfect but will make them safer; intricate issues as to whether the United States can see a small country evolve out of a friendly militarism into a risky but benign neutrality, without intervening and driving the country into the arms of America's adversaries.

There are ugly, unglamorous but unavoidable issues, such as whether the United States is prepared to assist developing countries through credible and stable programs of aid. And there are practical issues, such as finding a way to establish a compact of accommodation and trust to replace the open warfare and recriminations between the executive and Congress on foreign affairs.

Candidates who are authentic leaders will not shirk the obligation to address these issues.

The writer was President Carter's undersecretary of state. This article was adapted for The New York Times from an address in Boston.

The price of hogs hits closer to home.

troubling television commercial implied that he might launch a nuclear war. In 1968 Mr. Nixon helped his own cause by suggesting that he had a plan to end the Vietnam War. George McGovern's 1972 campaign was about Vietnam but probably was not decided on that issue. Foreign policy successes in China and Moscow enhanced Mr. Nixon's image of competence. The campaign of 1976 gave us the Poland gaffe in the Carter-Ford debate.

In 1980, it is almost certain that national frustration over the hostage crisis translated into impatience with Jimmy Carter. It is an odd circumstance, but probably a true one, that in the fall the beginning of some hope in the negotiations revived the issue and thus hurt President Carter's prospects.

In 1984, foreign policy issues will

play a prominent role once again. But the relevant question is whether the two parties will address these issues. Are we destined to endure a dialogue of distraction, aimed at the lowest common denominator and the highest common vagueness? Will we have to suffer a campaign testing only who can be the most anti-Soviet or pro-Poland, or anti-Cuba, or pro-Taiwan?

Or is it possible that for once we can have a campaign in which the candidates respect the electorate enough to address the real issues?

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LETTERS TO THE EDITOR

None but the Afflicted

Regarding the column "On a Handicap the Free World Can Afford," by Michael A. Ledeen (April 16): It is one of the world's ironies that no one but the afflicted takes the Russians seriously. I'm glad someone is finally telling it like it is.

O. DE LOS SANTOS ALVAREZ, Paris.

Chemical War in the Gulf

I take exception to the opinion column by Leonard S. Spector "For Iraq, One Taboo Remains" (April 19) accusing Iraq of the use of lethal chemical weapons in its defense against the Iranian invaders. His claim should be placed in the following perspective:

- 1) The Khomenei regime has used boys as young as 9 to bodily explode land mines and allow Iranian tanks to cross into Iraqi territory.
- 2) It is true that certain international or neutral parties have ascertained that chemical weapons have been used on Iranian victims. It is equally true that Iraq refused to allow neutral observers to investigate the identity of the party that had actually used the weapons.
- 3) In spite of the fact that the Iranian population is at least three times that of Iraq, Iraqi forces have been able so far to repel every Iranian attack without using their advanced weapons, such as the Exocet missiles and the Super Etendard planes recently acquired.
- 4) In spite of the fact that most European states helped arm Iran, the

latter has been unable to win a victory and instead is threatening to close the vital Strait of Hormuz.

Is it not possible that a cynical regime like Iran's used chemical weapons against a small portion of its own soldiers in order to slander Iraq before world opinion? The assumption might seem far-fetched.

But why should Iraq have used the weapons when its military and strategic position is comfortable?

KHALID I. BABAA, Chief of Mission, League of Arab States, Athens.

India and Pakistan

That India is always ready to malign Pakistan in whatever way possible is evident from the Hindustan

Peres Faces A Resurgent Ariel Sharon

By Anthony Lewis

JERUSALEM — "Everybody doesn't have to agree with us," Shimon Peres said. "We only need to shift 5 or 10 percent, and we are confident of that."

Mr. Peres is the man who would be prime minister of Israel if his Labor alignment were to pick up enough Knesset seats in the election July 23. For all his expressed confidence, that is a big if. Israelis of different political views agree that this is an extremely important election — and an extremely hard one to forecast.

Logically, it ought to be Labor's turn. Coalitions headed by the right-wing Likud have been in power for seven years, and the record is splashed with disasters: the self-inflicted wound of the war in Lebanon, 392-percent inflation, growing social tensions. But there are political factors outside the record.

One factor is the personality of Mr. Peres. Surveys show widespread dislike for him; even supporters call him charming. In a way that is unfair, he is serious, scrupulous, moderate. But can a man so lacking in charisma lead his party to victory in the burly-burly of Israeli democracy?

There is about as little charisma at the top of the government. Prime Minister Yitzhak Shamir has none of the fire of his predecessor, Menachem Begin. The powerful defense minister, Moshe Arens, is reserved to the point of seeming cold.

But the tone of the campaign may be set by a man of very different character: Ariel Sharon, who as defense minister led the invasion of Lebanon in 1982. "Peres wants to be a gentleman," one analyst said, "and so do Shamir and Arens. But Sharon won't agree with that idea."

Arik Sharon — he is universally called by his nickname — appeared to be politically out when the judicial commission on the Sabra and Chatila massacres criticized him and he lost his job. But he has made a spectacular comeback in recent weeks, challenging Mr. Shamir for the party leadership and winning 42 percent of the Central Committee vote.

The Sharon rise is alarming not only to supporters of Labor and smaller parties to its left, Mr. Shamir and Mr. Arens, like Mr. Begin before them, are committed democrats. Many in the Likud fear that Mr. Sharon is out, that he sees himself as a man on a white horse.

As Aryeh Naor, a Begin disciple who was secretary of his cabinet, said the other day:

"You have no idea who Sharon is, what he is capable of, and what may happen if he takes over. For many, life won't be worth living here."

Mr. Sharon's political talent is his ability to appeal to the disoriented in Israeli society: Sephardic Jews, the poor, those who distrust all democratic politics. He is a huge man, a former general who shows defiance at the world.

To a bullying style he has lately added a martyr touch, using Lebanon to his advantage. With casualties still mounting there, Israelis might be expected to resent the inventor of the disaster. Many do, but not all. An opposition politician explained:

"People realize the war was a great failure. But emotionally some don't want to admit it — don't want to admit that Israel was hurt by the policy of might makes right. So they say the only reason we failed is that Sharon was frustrated by the judges, the Americans and so on."

Shimon Peres said in an interview that Labor would emphasize economics in the campaign, "talk about the future," avoid "polemics." But how will it be that Arik Sharon says that Labor would risk Israel's security by giving up occupied territory?

In short, the future of the occupied West Bank and Gaza is likely to be an emotional issue. King Hussein's rejection of early negotiations led Labor, which favors what it calls a "territorial compromise" with Jordan. Mr. Peres said it was still in Israel's interest "to prepare the psychological climate for negotiations" lest by absorbing 1.5 million Arabs it becomes "a binational state."

Whatever happens with Jordan, Mr. Peres said, a government headed would try to revive the Camp David idea of "autonomy." He said he would bring leading Palestinians in the occupied territories into talks and work to involve Egypt again.

On all those issues Mr. Peres would have the sympathy of another important personality in the campaign: Ezer Weizman, Mr. Begin's first defense minister, who resigned because he thought Ezer was too hawkish and slipped into political oblivion. Now he is back with a party of his own, as charming as ever.

There are 120 seats in the Knesset. Mr. Weizman is figured to win 4 to 6. At this stage Labor is ahead in the polls — but so narrowly that the Weizman seats and those for other small parties could hold the balance. That is before the Sharon storm.

The New York Times.

Times item reprinted in your Other Opinion column of April 25. The Times uses the opportunity of the diplomatic rupture between Britain and Libya (to claim that the latter is financially helping Pakistan fabricate atomic weapons on the condition that Libya "gets a couple" of them.) Who knows what they will find next — anything will do!

MUMTAZ SHAH, Karachi, Pakistan.

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	Vol	High	Low	Close	Ch—
ECOR 9	228	5 1/8	5 1/8	5 1/8	—
GNCA 9	1304	14 1/8	14 1/8	14 1/8	—
ASRT A	1407	14 1/8	14 1/8	14 1/8	—
WONS A	1244	24 1/8	24 1/8	24 1/8	+
DomeP	1049	26	26	26	+
9ondic	777	17 1/2	16 3/4	17 1/2	+
TIE S	770	18	18	18	+
ChroA S	831	13 1/2	12	13 1/2	+
Amel S	877	22	22	22	+
WVINT S	877	22	11 1/2	11 1/2	+

High	Low	Close	Ch—
312.37	312.74	312.11	—

Many observers were impressed with the way the market bounced back after Friday's plunge

[illegible]

Grow Group

BUSINESS ROUNDUP

Texas Oil Firm Blocked In Its Sale of Securities

By Jane W. Applegate
Los Angeles Times Service

LOS ANGELES — Gearhart Industries Inc. and eight financial institutions to which it sold \$98.7 million in debentures and stock warrants on April 27 have been prohibited from transferring, exercising or otherwise disposing of the securities.

The order, issued Friday by the California Court of Appeal in Los Angeles, was sought by Smith International Inc., an oil services company based in Newport Beach, California, which last week made a tender offer for a controlling interest in Gearhart, a Fort Worth, Texas, high-technology oil services company.

The same day Smith announced its intention to make a tender offer, Gearhart sold the debentures and stock warrants to make the company less attractive to Smith. Smith sued to block the sale on the ground that its sole purpose was to "entrench" Gearhart management.

The order, which will remain in effect until the court takes further action, also prohibits Gearhart from issuing any additional securities and from disposing of or encumbering the money raised from the debenture sale. The Smith complaint asks the court to rescind the debt sale and seeks \$60 million in punitive and actual damages.

Paul Russell, Smith's vice president, said Saturday that Smith took its case to the appeal court after

failing to obtain an order in Los Angeles Superior Court.

On April 30, Smith filed a tender offer for 3.7 million shares of Gearhart at \$31 a share in a bid to increase its stake in Gearhart to 56.3 percent from its current 33.2 percent.

On Friday, Gearhart's board voted to reject the tender offer, saying that it was "inadequate and not in the best interest of the shareholders."

Smith, the nation's fifth-largest oil services company, has been buying Gearhart stock since last autumn.

Smith officials contend that the sale of securities was not made in the shareholders' interest because the new Gearhart shares — to be issued once Smith buys about 100,000 additional Gearhart shares — will be valued only at \$24 a share because the debentures were sold at a discount.

The eight institutions enjoined along with Gearhart are Texas American-Fort Worth, trustee for the debentures that were sold through Drexel, Burnham Lambert Inc.; Executive Life Insurance Co.; Executive Life Insurance Co. of New York; Life & Casualty of Tennessee Inc. of Nashville; Far West Savings & Loan Association of Newport; Liberty Service Corp., a subsidiary of Liberty Federal Savings & Loan of Philadelphia; Lincoln Savings & Loan Association of Newport Beach, and Pima Savings & Loan Association of Tucson, Arizona.

60% Rise Seen In '84 Profit of U.S. Automakers

United Press International

NEW YORK — The Big Three U.S. automakers, General Motors, Ford Motor Co. and Chrysler Corp., and American Motors Corp., are expected to earn a combined 1984 profit of \$9.92 billion, more than a 60-percent increase over 1983's record \$6.1 billion, Standard & Poor's Corp. Industry Surveys reported Monday.

The expected gains stem largely from the automakers' cost reductions effected in recent years, an 18-percent increase in car and truck production, a shift in consumer preference toward more expensive vehicles and a decline in interest charges.

The biggest boost has been provided by intensive cost-cutting, as evidenced by the 86-percent rise in industry earnings from 1979 to 1983 in the face of a 20-percent decline in domestic car and truck production, the publication said.

It said domestic production will total eight million passenger cars during the current model year, an 18-percent increase from last year. However, it will fall short of 1977's peak of 9.3 million cars. The average new car cost \$10,757 in February, up 4.7 percent from a year earlier.

Esmark Chairman Sees Benefit for Shareholders in Takeover

By Daniel F. Cuff

New York Times Service

NEW YORK — "It's a wonderful thing for the shareholders," Donald F. Kelly said of the \$2.4-billion plan last week for a Wall Street investment house to take Esmark Inc. private.

Several analysts agree with Mr. Kelly, Esmark's chairman and chief executive, that Kohlberg Kravis, Roberts & Co.'s offer of \$55 a share for Esmark, which the big Chicago conglomerate has accepted, will be good for the shareholders.

"I don't know of anyone else who has made so much money for shareholders," said Ronald Morrow, an analyst for Shearson/American Express.

One of the shareholders who will do well is Mr. Kelly. He and his family, as of Dec. 10, owned about 220,000 shares in Esmark, valued at \$12.1 million under Kohlberg Kravis's offer.

Mr. Kelly had already carved out his niche by creating the modern Esmark out of the old Swift meat-packing company. Unsentimental in business matters and not wedded to tradition, he has revived the failing meat packer.

He successfully diversified, buying and selling companies over the years with sharp timing. The height of his boldness came last year, when Esmark bought Norton Simon Inc. for \$1 billion.

In the past few years, Mr. Kelly has been talking of retirement and the grooming of a successor. Now, at the age of 62, he has pushed all that back with the agreement struck with Kohlberg Kravis.

Kohlberg Kravis is one of the leading U.S. specialists in leveraged buyouts — the purchase of a company by a group of investors using borrowed money. The collateral is usually assets of the company being acquired.

Mr. Kelly would be one of the investors and continue to have a top role in the company.

"In the deals we've been looking at, for whatever reason, the parties were not interested unless I agreed to stay for a year or a year and a half and attempt to make whatever happens, happen," Mr. Kelly said in a telephone interview.

Mr. Kelly said he currently earns \$225,000 a year "plus incentives that put me in the million range — a hell of a lot more than I ever thought I'd make in my life."

He joined Swift in 1953 and worked in data processing. Swift, laden with its extensive Chicago stockyards and high urban labor costs, was being challenged by more efficient slaughterhouses built closer to where the cattle were raised.

The company was "a great family kind of thing," Mr. Kelly said. "That's wonderful, but what does it do for your shareholders?"

Mr. Kelly provided his own answer with the company's diversification program, which started in the late 1960s.

Along the way, he served as controller, vice president for corporate development and financial vice president. When Swift was reorganized as Esmark in 1973, Mr. Kelly was named vice president of the new holding company. Later that year, he was elected president and

chief operating officer, and in 1977 was named chairman and chief executive.

He developed the philosophy that anything was for sale, even the whole company.

On Friday, he criticized the management of some other companies for using "shark repellents," various legal and corporate strategies to keep potential buyers away. They are doing it to protect their jobs and not the shareholders' interest, he asserted.

"Why would you put something in your charter that would not afford your shareholders the opportunity to determine whether an offer has fair value or not?" he asked.

Mr. Kelly has often said when he was expected to buy, and vice versa. After digesting Norton Simon, Esmark was said to be ready to make another major acquisition. Instead, it went on the selling block.

Mr. Kelly agreed that flexibility was one of his major business characteristics.

"My idea of a corporate plan is that it is a point of departure," he said. "We can't afford not to plan, but it should be a point of reference."

One of his major acquisitions as vice president for Swift's corporate development was Vickers Energy Corp. in 1968. Esmark sold Vickers for more than \$1.1 billion in 1980 just before the petroleum industry slumped.

Esmark used much of the proceeds of the sale to buy back some of its own stock.

But at the time, Mr. Kelly said, his critics "didn't like it when we

bought in and didn't like it when we sold."

With the addition of Norton Simon, a diverse multibillion-dollar company grew even more.

There have been some strains in fitting the Norton Simon companies into the Esmark fold, but in general, Mr. Kelly's personality has left him with few detractors.



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U.S. Steel to Drop Dumping Charges

The Associated Press

BIRMINGHAM, Alabama — The chairman of U.S. Steel Corp., David M. Roderick, said Monday that South African steelmakers have agreed to restrict exports to the United States in exchange for his company's withdrawal of two trade complaints against them.

South African steel exports accounted for less than 1 percent of the 83.3 million metric tons of steel consumed in the United States last year. Under the agreement, South Africa's share of the market will drop about 20 percent this year and about 40 percent in 1985 and 1986, Mr. Roderick said at a news conference before the opening of U.S. Steel's annual shareholders' meeting.

U.S. Steel filed petitions with the U.S. Commerce Department in January 1982 requesting the imposition of countervailing duties against all South African steelmakers. Last February, the company filed anti-dumping petitions with the U.S. International Trade Commission. Both will be withdrawn Tuesday, Mr. Roderick said.

U.S. Steel also has trade complaints pending against Argentina, Brazil, Spain, Australia and Finland.

U.S. Steel, whose profits from

oil helped it lead major steelmakers out of the red after two years of staggering losses, also asked holders on Monday to approve anti-takeover provisions.

The No. 1 U.S. steelmaker, the second-largest in the world, with assets exceeding \$19 billion, said a national "environment" of hostile buyouts makes it necessary to

amend its articles of incorporation. U.S. Steel's management asked holders to stagger the terms of directors and give up their rights to act by written consent and remove directors without cause. The so-called "shark repellents" also make a vote of a two-thirds majority of the shares outstanding necessary to change the company's bylaws.

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COMPANY NOTES

BFI Communications Systems Inc. of Utica, New York, has introduced its first product for telephone operating companies, an exchange routing system called the ECR-3000. It said the system enables local telephone users to place toll calls over discount long distance networks as easily as over the American Telephone & Telegraph Co. long lines system by eliminating the need to dial 12 to 13 extra digits.

Domtar Inc., a pulp, paper and construction materials company of Montreal, said it completed the purchase of Upson Co., a Lockport, New York, specialty papers company, for an undisclosed sum.

Ion Technologies Inc. of Secaucus, New Jersey, said it is negotiating for the acquisition of Conditioning Control Systems Inc. of Cresskill, New Jersey, which designs environmental control systems. Terms were not disclosed.

Mitsubishi Bank Ltd. will borrow 30 billion to 40 billion yen (\$133 million to \$177 million) in long-term loans from Japanese insurance concerns to acquire BanCal Tri-State Corp. of the United States, the holding company of Bank of California, banking sources said. The Japanese bank will raise about two-thirds of the cost of the acquisition through

loans and the rest through a dollar-denominated bond, they said. Last September BanCal Tri-State and Mitsubishi signed an agreement calling for each BanCal share to be exchanged for \$50, for a total value of \$282 million.

Norman Mines Ltd. will build a 50-million dollar (\$38.7-million) plant, with some government financial aid, to produce hydrogen at Shawinigan, Quebec, the province's energy and resources minister, Yves Duhaime, said. The plant will employ 150.

Fortissimo International Inc. of Phoenix, Arizona, said it has named exclusive North American distributor the VHS video cassette player made by Funai Electric Trading Co. of Osaka. The company said it will make available 60,000 of the recorders, with a wholesale value of \$40 million, over a 12-month period starting June 1 for sale under its own name.

Rohkoh Co., the Japanese maker of copiers and other office equipment, will report on May 22 record profit for the year ended March 31 of more than 26 billion yen (\$115 million), up 43 percent from 18.17 billion yen a year earlier, which had been the third consecutive year of declining profit, a spokesman said. Sales rose 20 percent to a record 390 billion yen, from 326.2 billion a

year earlier. The company is predicting a second consecutive record in parent company profit in the current fiscal year. The spokesman said it expected 1984-85 profit to rise to 28 billion yen on record sales of 450 billion yen.

Rothmans of Pall Mall (Australia) Ltd. plans to create a new listed holding company, Rothmans Holdings Ltd., as part of a reorganization of the tobacco group's corporate structure in Australia, directors said in a statement. If shareholders approve, current shareholders will receive three shares in the new company for every share currently held and the existing company will become a subsidiary of Rothmans Holdings.

TRW Inc. is being investigated by the Federal Aviation Administration over allegations that it produced substandard jet engine blades for three major aircraft engine makers, Pratt & Whitney Aircraft Group, General Electric Co. and the French company SNECMA, according to a story published by Crain's Cleveland Business. FAA officials reportedly said that possibly thousands of blades made at TRW's Harrisburg, Pennsylvania, division, were heat treated for only four hours instead of the 16 specified by the engine makers.

All these securities having been sold, this announcement appears as a matter of record only.

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Herald Tribune

Published with The New York Times and The Washington Post

Agency Raises Forecast Of '84 Oil Consumption

PARIS — Oil consumption in the major noncommunist industrial countries is running at a higher level than previously thought, figures of the International Energy Agency show.

The agency's latest oil market survey, released Sunday, predicts that oil consumption will rise 2.5 percent this year to an average level of 45.5 million barrels a day. At the end of March, the agency was predicting growth of only 2 percent for 1984.

The agency gave no reason for the increase, but noted that consumption in the first three months of the year was 4 percent higher than a year earlier, outstripping the end-of-March estimate of 2.5 percent growth, but below the 5.7 percent rise predicted after the first two months.

The figures are drawn from a survey of 21 of the 24 member countries of the Organization for Economic Cooperation and Development.

On Monday, the U.S.-based Cambridge Energy Research Associates said in a quarterly study, released in Paris, that oil production by the Organization of Petroleum Exporting Countries will be only 16.8 million barrels a day in the second quarter of this year, compared with its quota for the period of 17.5 million.

The prediction is slightly lower than forecast by the IEA, which said output would average 17 million barrels a day in the second quarter after 17.4 million barrels a day in the first quarter.

The Cambridge group said that world oil demand would grow 2.2

percent this year as the economic recovery gathers pace, while demand in OECD countries will grow by 1.8 percent.

Higher consumption had also been accompanied by somewhat higher prices for crude oil, the IEA report said. The prices of some petroleum products in Europe were lower, however.

The higher prices arose from the economic recovery in many countries and such factors as the cold weather in the United States and Japan, political tension in the Gulf, reduced Soviet supplies to the West and the effects of the British coal miners' strike, the IEA said.

Nigeria Asks Cooperation

Nigeria's oil minister, Tam David-West, appealed in an interview published Monday for greater cooperation from OPEC, hinting that Nigeria might otherwise leave the organization, The Associated Press reported from Vienna.

Nigeria, which has had trouble keeping up with payments on foreign debt estimated at more than \$14 billion, reportedly wants to increase its daily crude production quota of 1.3 million barrels.

OPECNA, the news agency run by OPEC, said Mr. David-West believed Nigeria's rightful place was within OPEC but said his country's welfare was "not negotiable."

The minister was interviewed Sunday after observing a meeting of the market monitoring committee, OPEC's watchdog panel on prices and quotas.

Members of the committee said Nigeria did not request a quota increase at the meeting.

Rise Is Seen In U.K. Gas, Oil Estimate

Report on Reserves Might Boost Pound

LONDON — The Department of Energy has substantially raised its estimate of Britain's oil and gas reserves, government sources said Monday.

They said the department's annual report on resources, due to be released Tuesday, is based on a more comprehensive survey of reserves than in the past.

Government officials said they hope the news may provide the pound with support on the foreign exchange markets.

The report is expected to show a rise in discovered North Sea gas reserves.

According to some government sources, this would strengthen Treasury arguments against a proposal by state-owned British Gas Corp. to sign a \$30-billion contract with Norway for supplies from its Sleipner field to fill what British Gas sees as a widening shortage in the 1990s.

The Treasury has contended that domestic supplies might be boosted if the industry charged more for gas.

Internal Treasury studies suggest that a rise of about 20 percent in the price of gas might be necessary over the next few years to bring British Gas's return on capital into line with that of the private sector, the government sources said.

The Norwegian government has pressed for an early decision so that it may give the go-ahead for the development of the Sleipner field.

Marsh & McLennan Retains Image of Stability

(Continued from Page 7)

fact that Marsh & McLennan was the only one that did not say something.

From its inception in the late 1800s, Marsh was one of the first companies to recognize that there was a market not just in selling insurance, but in selling insurance to big business. Not only were the sales bigger, but it was also less a commodity business than a service business.

"It was a strategy that has never changed," said John M. Regan Jr., Marsh's chairman, a former broker himself.

As an insurance broker, Marsh represents corporations buying insurance, analyzing the companies' risks, fashioning programs to limit those risks and placing insurance orders with other companies that actually sold insurance. Then, as now, the insurance was mainly property and casualty, rather than life insurance.

It was an approach that worked. The company's early client lists read like a Who's Who of industrial America: U.S. Steel, U.S. Rubber, American Telephone & Telegraph, General Motors, Western Union.

Many of those industrial giants remain clients, though today the risks involve satellites and nuclear plants as well as railroads, and oil-drilling rigs run to billions of dollars rather than thousands.

Marsh, however, remains the industry leader, with sales and earnings well ahead of such competitors as Alexander & Alexander, Frank B. Hall and Corroon & Black. Despite successful diversification, insurance brokerage remains central to the company, and while its growth in the United States is limited by its No. 1 position, it sees greater opportunities abroad.

Last year insurance services accounted for 73 percent of its oper-

ating revenue of \$968 million, and 83 percent of its operating profit of \$207 million. Moreover, "Jumbo accounts," as the company calls them, represent about 70 percent of the insurance business it handles, with smaller commercial accounts totaling 25 percent, and personal insurance packages only 5 percent.

Besides direct brokerage to corporations, Marsh also works with insurance companies in spreading their risks by parceling out the reinsurance of big policies to other insurers.

For the most part, Marsh is paid for its brokerage services by commissions, and to a lesser extent, flat fees. Commissions amount to about 10 percent of the value of the insurance premiums.

Marsh has tried to shift more business to a fee basis, but corporate clients have generally resisted. In recent years, a prolonged slump in the property-casualty industry has led to pronounced reductions in insurance premiums, shaving commission income for brokers as well. But Marsh has been able to cushion that slide better than many competitors, through continued growth in its business and through greater diversification.

And an improvement in the property-casualty business, which most insurance industry experts predict will take place this year, should work to the advantage of Marsh and other brokers.

Marsh's diversification out of insurance has occurred very gradually. Employee benefit services, its second-biggest business, grew out of its primary brokerage business. At one time, companies bought pension insurance, just as they bought other insurance. But as business began to underwrite its own pension coverage, Marsh became more of an adviser, charging

fees for its services. Last year employee benefits services brought in revenue of \$192 million and operating profit of \$28 million.

Marsh executives view investment management, Marsh's third main business, as a logical extension of the benefit advisory business since a large portion of the money that is managed is pension

funds. The company acquired its first money management operation, the Boston-based Putnam Cos., in 1970.

Nine years later, Marsh broadened its investment management efforts with the acquisition of Eberstadt Asset Management Inc., which specialized in high-technology investments.

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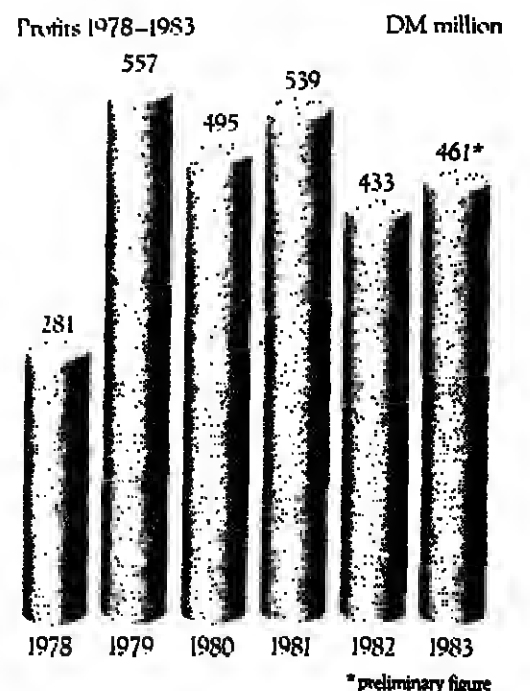
The net profit allows to pay an unchanged dividend of DM 750 per share, and to further strengthen the reserves.

The chemicals sector benefited from improved market conditions. Capacity utilization at 74% was a 7% improvement over that of the previous year.

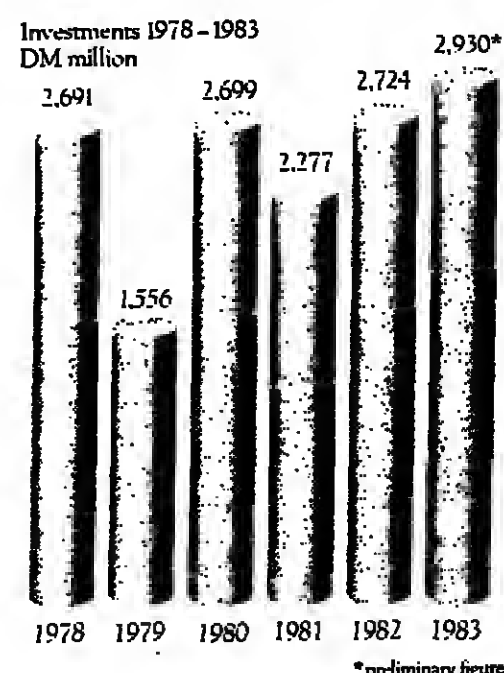
Oil production in the British North Sea, Libya, and Egypt equalled the previous year's level. A strong jump in gas output was the result of new operations in the Dutch North Sea. Exploration and development activities in the U.S. made further progress.

Oil throughput of VEBA OEL fell by some 38% after 50% of its Ruhr refineries were sold to PdVSA, the Venezuelan oil company, at the beginning of 1983.

Utilization of top distillation capacity was a high 79%, well above the industry average of 59.6%. VEBA's conversion and petrochemical plants operated almost to full capacity.



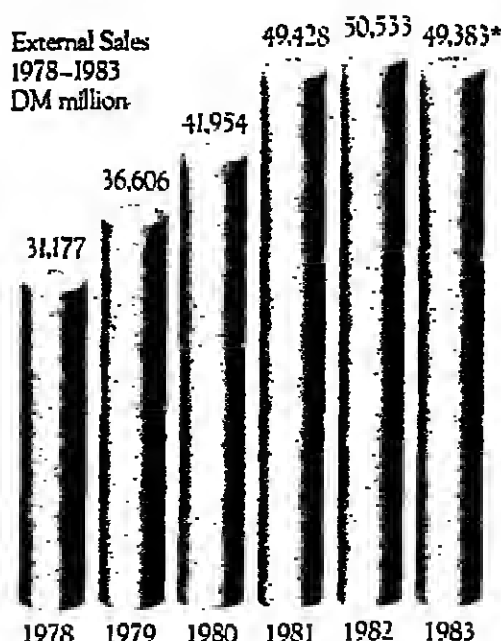
Investments reached DM 2.9 billion. The number of employees dropped by 3,198 to 77,276.



In 1983, the VEBA Group's ongoing program of restructuring and streamlining its widely diversified activities produced good results.

Profits rose by 6.5% from DM 433 million to DM 461 million, while the reins were held on sales, which dipped by 2.3% to DM 49.4 billion.

Adjustments were made to eliminate risk potentials. Moreover, favorable valuation methods were applied to take full advantage of allowable tax provisions.



The main activities of the VEBA Group are electricity generating and supply, chemicals, petroleum and petroleum products, trading and transportation.

In the electricity sector, power supply increased by 6.1%, with high growth rates recorded in the latter months of the year.

Despite soft demand in certain markets, VEBA's trading, transportation and service activities again showed satisfactory results.

To find out more about the VEBA Group, its operations and performance, get in touch with VEBA AG, Karl-Arnold-Platz 3, D-4000 Düsseldorf 30, Federal Republic of Germany.

VEBA

Success in 1983 reflects decisive streamlining measures.

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**Tables include the nationwide price
Up to the closing on Wall Street**

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